



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Scio
Harrison County
PO Box 307
Scio, Ohio 43988

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Scio (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2012 and 2011, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and/or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2010 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Fund Ledger Reports. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Village's financial institution. We found no exceptions.
 - a. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation: We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

Cash and Investments – (Continued)

5. We tested interbank account transfers occurring in December of 2012 and 2011 to determine if they were properly recorded in the accounting records and on each bank state. We found no exceptions.
6. We tested investments held at December 31, 2012 and December 31, 2011 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Pay In Summary Journal. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Pay In Summary Journal to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Pay In Summary Journal included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the Harrison County Auditor Cross Reference Report by Vendor Number from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Pay In Summary Journal. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We compared the allocation of income tax receipts for the years ended December 31, 2012 and 2011 to the Village's funds according to the allocation requirements of Ordinance No. 90-785. The allocation agreed with the percentages the Ordinance requires.
2. We selected five income tax returns filed during 2012 and five from 2011.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the bank deposit slip. The amounts agreed.
 - b. We compared the bank deposit slip total from step a. to the amount recorded as income tax receipts in the Income Tax Payment Journal for that date. The amounts agreed.

Income Tax Receipts – (Continued)

3. We determined whether the receipts were recorded in the year received. We found no exceptions.
4. We selected all three income tax refunds from 2012 and the only one from 2011.
 - a. We compared the refund paid from the Check Register Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds was approved by the Income Tax Administrator.
 - c. We noted the refunds were paid from the General Fund and the Income Tax Permanent Improvement Fund as was required.

Fines, Licenses and Permit Cash Receipts

We haphazardly selected all four Fines, Licenses, and Permit cash receipts from the year ended December 31, 2012 and all nine of the Fines, Licenses, and Permit cash receipts from the year ended 2011 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Pay In Summary Journal. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.

Miscellaneous Cash Receipts

We haphazardly selected 10 Miscellaneous cash receipts from the year ended December 31, 2012 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Pay In Summary Journal. The amounts agreed.
- b. Receipt was posted to the proper fund and was recorded in the proper year.

Water and Sewer Fund

We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 and 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2011 recorded in the Daily Cash Receipts Journal and determined whether the:

- a. Receipt amount per the Daily Cash Receipts Journal agreed to the amount recorded to the credit of the customer's account in the Billing Journal. The amounts agreed.
- b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Journal for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We noted three customers with broken water meters that were charged the minimum water and sewer rates. We found no other exceptions.
- c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

Water and Sewer Fund – (Continued)

1. We read the Aged Customer Delinquent Report.
 - a. We noted this report listed \$30,876 and \$5,811 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in the preceding step, \$1,688 and \$468 were recorded as more than 90 days delinquent.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2010. These amounts agreed to the Village's January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
Ford Motor Credit Lease	\$ 11,927
Ohio Public Works Loan # CN32A	\$ 14,758
Ohio Water Development Authority Loan # 2107	\$ 37,534
Ohio Water Development Authority Loan # 3882	\$ 70,992
Ohio Water Development Authority Loan # 5022	\$176,735

2. We inquired of management, and scanned the Pay In Summary Journal and Check Register Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to Debt Service Fund, Water Operating Fund and Sewer Operating Fund payments reported in the Check Register Report. We also compared the date the debt payments were due to the date the Village made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Summary Journal and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Summary Journal to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements – (Continued)

2. For any new employees selected in step 1 we determined whether the following information in the minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2013	December 31, 2012	\$960	\$960
State income taxes	January 15, 2013	December 28, 2012	\$443	\$443
Village of Scio income taxes	January 31, 2013	December 31, 2012	\$348	\$348
OPERS retirement	January 30, 2013	January 23, 2013	\$3,279	\$3,279

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Check Register Report for the year ended December 31, 2012 and ten from the year ended 2011 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Check Register Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. We found one instance where disbursements requiring certification were not certified and one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Statement By Account Number for the General, Street Construction, Maintenance and Repair, and Water Operating funds for the year ended December 31, 2012 and the General, Police Levy, and Sewer Operating funds for the year ended December 31, 2011. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General, Street Construction, Maintenance and Repair, and Water Operating Funds during 2012 and the General Fund during 2011. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the General Fund of \$83,705 for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$296,814. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Street Construction, Maintenance, and Repair Fund of \$27,369 for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$27,691. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Water Operating Fund of \$95,037 for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$102,609. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the General Fund of \$90,206 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$264,086. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Street Construction, Maintenance and Repair, and the Water Operating Funds during 2012 and the General, Police Levy, and the Sewer Operating Funds during 2011, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Expense Statement by Account Number for 2012 and 2011 for the following funds: General, Street Construction, Maintenance and Repair, and the Water Operating Fund during 2012 and the General, Police Levy, and the Sewer Operating Funds during 2011. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Expense Statement by Account Number during 2012 for the General and Water Operating Fund and in 2011 for the General Fund.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction, Maintenance, and Repair, and the Water Operating Funds for the year ended December 31, 2012 and the General, Police Levy, and Sewer Operating Funds for the year 2011. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the year ended December 31, 2012 for the General, Street Construction, Maintenance and Repair, and the Water Operating Funds and for the year ended December 31, 2011 for the General, Police Levy, and Sewer Operating Funds, as recorded in the Expense Statement by Account Number. We noted no funds for which expenditures exceeded appropriations.

Compliance – Budgetary – (Continued)

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Pay In Summary Journal for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2012 and 2011 Revenue Statement by Account Number and Expense Statement by Account Number for evidence of interfund transfers exceeding \$500 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Expense Statement by Account Number to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Check Register Report for the years ended December 31, 2012 and 2011 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

May 8, 2013

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VILLAGE OF SCIO

HARRISON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 11, 2013**