

**VILLAGE OF FARMERSVILLE**

**MONTGOMERY COUNTY**

**JANUARY 1, 2012 TO DECEMBER 31, 2013  
AGREED UPON PROCEDURES**





# Dave Yost • Auditor of State

Village Council  
Village of Farmersville  
117 E. Walnut Street  
Farmersville, Ohio 45325

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Farmersville, Montgomery County, prepared by Julian & Grube, Inc., for the period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Farmersville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 11, 2014

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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### **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Village of Farmersville  
Montgomery County  
117 E. Walnut Street  
Farmersville, Ohio 45325

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Farmersville (the Village) and the Auditor of State 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, 2013 and 2012, 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, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Cash Fund Summary Report to the December 31, 2011 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Fund Summary Report to the December 31, 2011 balances in the Cash Fund Summary Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2013 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statements. 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.
6. We selected the one reconciling credits (such as deposits in transit) from the December 31, 2013 bank reconciliation:
  - a. We traced the credit to the subsequent February bank statement. We noted the one credit in the amount of \$40,000 was not issued by the payor until February 2014.
  - b. We agreed the credit amounts to the Revenue Ledger Report. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested investments held at December 31, 2013 and December 31, 2012 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, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2013 and one from 2012:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds 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 Revenue Ledger Report to determine whether it included two real estate tax receipts plus one advance (2012) for 2013 and 2012. We noted the Revenue Ledger Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the County Auditor's Payment Report from 2013 and five from 2012.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) to the Village during 2013 and 2012 with the OPWC website Disbursement Ledger. We found one exception in 2012, it was an on-behalf payment in the amount of \$17,525. We also confirmed the amounts paid from the Montgomery County Auditor (Permissive Tax and Grants) during 2013 with the County Auditor's Office. We found no exceptions.

- a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
- b. We determined whether the receipts were recorded in the proper year. We found no exceptions, except for one 2012 on-behalf payment by OPWC, in the amount of \$17,525, that was not recorded during 2012.

#### **Income Tax Receipts**

1. We selected five income tax returns filed during 2013 and five from 2012.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the Income Tax Batch Transaction Listing Report. The amounts agreed.
  - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Revenue Ledger Report for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2013 and five from 2012.
  - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We noted each of the refunds were approved by the Municipal Income Tax Administrator.
  - c. We noted the refunds were paid from the General Fund as is required.

#### **Water, Sewer and Trash Funds**

1. We haphazardly selected 10 Water, Sewer and Trash Funds collection cash receipts from the year ended December 31, 2013 and 10 Water, Sewer and Trash Funds collection cash receipts from the year ended 2012 recorded in the Revenue Ledger Report and determined whether the:
  - a. Receipt amount per the Revenue Ledger Report agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer History Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption (Water and Sewer) amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Balances Due Report.
  - a. We noted this reported listed \$1,258 and \$3,146 of accounts receivable as of December 31, 2013 and 2012, respectively.
  - b. Of the total receivables reported in the preceding step, \$399 and \$1,466 were recorded as more than 90 days delinquent.

3. We read the Master Activity Report Summary.
  - a. We noted this report listed a total of \$10,832 and \$1,557 non-cash receipts adjustments for the years ended December 31, 2013 and 2012, respectively.
  - b. We selected five non-cash adjustments from 2013 and five non-cash adjustments from 2012, and noted that the Village Administrator approved each adjustment.

**Debt**

1. From the prior audit documentation, we noted the following bonds, notes and loans outstanding as of December 31, 2011. These amounts agreed to the Villages January 1, 2011 balances on the summary, except for the following: 2007 OWDA outstanding amount per prior year audit was \$96,650 and per the Village summary was \$103,188, 2000 US Bank Bonds outstanding per prior year audit was \$81,109 and per the Village summary was \$83,089, and 1998 Ohio Water Development Authority (OWDA) outstanding per prior year audit was \$37,532 and per the Village summary was \$46,183.

Issue	Principal Outstanding as of December 31, 2011:
2007 OWDA	\$96,650
2000 US Bank Bonds	\$81,109
1998 OWDA	\$37,532
1998 OPWC	\$95,797
1992 OPWC	\$6,350

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt agreed to the summary we used in Step 1. We also noted no new debt issuances during 2013 or 2012.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report 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 employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 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 2013. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 15, 2014	December 30, 2013	\$2,243.22	\$2,243.22
State income taxes	January 15, 2014	December 30, 2013	\$457.36	\$457.36
Village of Farmersville income taxes	January 15, 2014	December 30, 2013	\$808.02	\$808.02
OPERS retirement	January 31, 2014	December 30, 2013	\$4,113.50	\$4,113.50
School district income taxes	January 31, 2014	December 30, 2013	\$627.33	\$627.33

**Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended 2012 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 check, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail 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. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

**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 Status Report for the General, Police Levy and Sewer funds for the years ended December 31, 2013 and 2012. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system, for any of the funds selected. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Police Levy and Sewer funds in the amount of \$326,098, \$53,794, and \$381,495, respectively for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$267,451, \$54,242, and \$410,597, respectively for the General, Police Levy and Sewer funds for 2012. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Police Levy and Sewer funds in the amount of \$364,772, \$53,131, and \$162,897, respectively for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$259,664, \$49,766, and \$157,500 respectively for the General, Police Levy and Sewer funds for 2013. 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 2013 and 2012 to determine whether, for the General, Police Levy and Sewer funds, 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 Appropriation Status Report for 2013 and 2012 for the following funds: General, Police Levy and Sewer funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status Report. The Appropriation Status Report recorded appropriations in the General, Police Levy and Sewer funds in the amount of \$359,271, \$50,303, and \$397,672, respectively for 2012. The appropriations approved by Village Council in the General, Police Levy and Sewer funds were \$397,218, \$50,502, and \$452,249, respectively for 2012. The Appropriation Status Report recorded appropriations in the General, Police Levy and Sewer funds in the amount of \$282,586, \$52,340, and \$141,929, respectively, for 2013. The appropriations approved by Village Council in the General, Police Levy and Sewer funds were \$257,135, \$52,526, and \$174,338, respectively for 2013. The fiscal officer should periodically compare amounts recorded in the Appropriations Status Report to amounts approved by the Village Council to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
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, Police Levy, and Sewer funds for the years ended December 31, 2013 and 2012. We noted no funds for which approved appropriations exceeded certified resources, except for the General Fund in 2012. We noted that General Fund approved appropriations for 2012 exceeded certified resources by \$9,277, contrary to Ohio Rev. Code Section 5705.39. The Council should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Village to incur fund balance deficits.
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 years ended December 31, 2013 and 2012 for the General, Police Levy and Sewer fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded approved appropriations, except for the Police Levy fund in 2012 and the General fund in 2013. We noted that the General fund expenditures for 2013 exceeded total approved appropriations by \$25,451, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Broadway Street Improvements (2012) and Elm Street Improvement Project (2013) Capital Projects funds during 2013 and 2012 to segregate OPWC and Montgomery County Community Development Block Grant receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210.
7. We scanned the 2013 and 2012 Reconciliation of Interfund Transfers for evidence of interfund transfers exceeding \$10,000 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 Appropriation Status Reports 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.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2013 and 2012 for negative cash fund balance. Ohio Rev. Code Section 5705.10(I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

**Compliance - Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 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 the Auditor of State, and others with in the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
August 7, 2014

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# Dave Yost • Auditor of State

**VILLAGE OF FARMERSVILLE**

**MONTGOMERY 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  
SEPTEMBER 23, 2014**