

VILLAGE OF MILLBURY

WOOD COUNTY

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



Dave Yost • Auditor of State

Village Council
Village of Millbury
28430 Main Street
Millbury, Ohio 43447

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Millbury, Wood County, prepared by Lublin Sussman Group LLP, 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 Millbury 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 19, 2014

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Village of Millbury
28430 Main Street
Millbury, Ohio 43447

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Millbury (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 Fund Ledger Report to the December 31, 2011 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, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 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, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.

Cash and Investments (Continued)

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 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.
6. 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 Receipt Register Report. 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2013 and 2012. We noted the Receipts Register 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 four receipts from the County Auditor's Detail Expense Transactions Report from 2013 and two from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register 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.

Income Tax Receipts

1. We compared the allocation of income tax receipts for the years ended December 31, 2013 and 2012 to the Village's funds according to the allocation requirements of Ordinance No. 433. The allocation agreed with the percentages the Ordinance requires.
2. 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 in the income tax cash receipts book. The amounts agreed on all but one in 2012 because there was no tax return in the taxpayer's file to compare the amount to.
 - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
3. We determined whether the receipts were recorded in the year received. We found no exceptions.
4. 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 Becky Binkley, Millbury Tax Commissioner.
 - c. We noted the refunds were paid from the municipal income tax fund, as is required.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2011. These amounts agreed to the Village's January 1, 2012 balances on the summary we used in step 3.

| Issue | Principal outstanding as of December 31, 2011: |
|---|---|
| 1 st OPWC Loan – Main Street Improvements | \$27,762 |
| 2 nd OPWC Loan – Center Street Storm Sewer | \$78,698 |

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 noted agreed to the summary we used in step 3.
3. We obtained a summary of note debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedules to capital project fund payments in 2013 and general fund payments in 2012 reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. For new debt issued during 2012, we inspected the debt legislation, noting the Village must use the proceeds for storm sewer upgrades and repairs. The payment for this project was paid directly to the contractor from the lender in 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.
 - 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 code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files or information recorded in the minutes. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

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:

| Withholding (plus employer share, where applicable) | Date Due | Date Paid | Amount Due | Amount Paid |
|---|-----------------|------------------|-----------------------|--------------------|
| Federal income taxes & Medicare (and social security, for employees not enrolled in pension system) | 1/31/2014 | 12/30/2013 | \$1,948.68 | \$1,948.68 |
| State income taxes | 1/15/2014 | 12/30/2013 | \$288.31 | \$288.31 |
| Village of Millbury income taxes | 3/15/2014 | 12/30/2013 | \$453.36 | \$453.36 |
| OPERS retirement | 1/30/2014 | 12/30/2013 | \$3,141.00 | \$3,141.00 |

Non-Payroll Cash Disbursements

1. 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, 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, Street Maintenance, and Repair, and Storm Water Utility funds for the years ended December 31, 2013 and 2012. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the following funds:

2013

| Fund | Amount per Certificate | Amount per Revenue Status Report | Variance |
|---------------------|-------------------------------|---|-----------------|
| General | \$206,483 | \$180,950 | \$25,533 |
| Storm Water Utility | \$16,600 | \$16,000 | \$600 |

2012

| Fund | Amount per Certificate | Amount per Revenue Status Report | Variance |
|---------------------|-------------------------------|---|-----------------|
| General | \$184,554 | \$185,632 | (\$1,078) |
| Storm Water Utility | \$94,694 | \$16,000 | \$78,694 |

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 all the 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.

Compliance – Budgetary (Continued)

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 General, Income Tax, and Street Maintenance and Repair funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report except for the following funds:

2012

| Fund | Amount per Appropriation Resolution | Amount per Appropriation Status Report | Variance |
|-----------------------------------|--|---|-----------------|
| Street Maintenance & Repair | \$74,120 | \$74,320 | (\$200) |

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 all the funds for the years ended December 31, 2013 and 2012. We noted that the Reserve for Capital (Back Hoe) Fund appropriations for 2012 exceeded certified resources by \$86, 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 all of the Village's funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register 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. 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 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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.

Compliance – Budgetary (Continued)

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 within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

Seblin Sussman Group LLP

August 8, 2014
Toledo, OH



Dave Yost • Auditor of State

VILLAGE OF MILLBURY

WOOD 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
OCTOBER 2, 2014**