



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Windham
Portage County
9621 East Center Street
Windham, Ohio 44288

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Windham, (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 year ended December 31, 2013, 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

1. We tested the mathematical accuracy of the December 31, 2013 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the total per the bank reconciliation to the total of the December 31, 2013 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We observed the December 31, 2013 bank balances on the financial institution's website. The balances agreed. We also agreed the observed 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.

Cash – (Continued)

6. We tested interbank account transfers occurring in December of 2013 to determine if they were properly recorded in the accounting records and on each bank statement. We found 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:
 - 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 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2013. We noted the Receipt Register Report included the proper number of tax receipts for the year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013. We also selected five receipts from the County Auditor's Vendor Invoice List from 2013.
 - 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.
4. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) to the Village during 2013 with OPWC. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2013.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the triplicate receipt, SSI Income Tax Program, batch report, and the specific day's bank deposit slip. The amounts agreed.
 - b. We compared the batch report total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.

Income Tax Receipts – (Continued)

3. We selected five income tax refunds from 2013.
 - 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 Income Tax Administrator.
 - c. We noted the refunds were paid from the General Fund, as is required.

Water Operating Fund and Sewer Operating Fund Charges for Services

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2013 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Utility Billing Transaction History Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Transaction History Report 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. 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 Utility Billing Aged Trial Balance Report.
 - a. We noted this report listed \$267,207.88 of accounts receivable as of December 31, 2013.
 - b. Of the total receivables reported in the preceding step, \$296,842.70 was recorded as more than 90 days delinquent. In reviewing the Aged Trial Balance we noted the "Over 30 Days" reflected a negative (\$53,928.92). The Utility Billing Clerk said she believes the accounts that are negative or have negative balances may be causing the problem or imbalance.
3. We read the Utility Billing Adjustment Journal.
 - a. We noted this report listed a total of \$2,809,570.73 non-cash receipts adjustments for the year ended December 31, 2013.
 - b. We selected five non-cash adjustments from 2013 covering 96% of total adjustments for the year, and noted the Village Administrator approved each adjustment. The two largest adjustments were due to inaccurate scanned meter readings.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following bonds and loans outstanding as of December 31, 2012.

Issue	Principal outstanding as of December 31, 2012:
United States Department of Agriculture Bonds	\$1,311,800
Kansas State Bank Loan	\$152,641

Debt – (Continued)

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or debt payment activity during 2013. We noted no new debt issuances during 2013.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 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 minute record and payroll ordinance. 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:

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)	January 31, 2014	January 3, 2014	\$1,830.10	\$1,830.10
State income taxes	January 15, 2014	January 9, 2014	826.55	826.55
Village of Windham income taxes	January 31, 2014	January 9, 2014	650.89	650.89
OPERS retirement	January 30, 2014	January 22, 2014	7,438.01	7,438.01
OP&F retirement	January 31, 2014	January 22, 2014	2,574.72	2,574.72

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 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 Fund, Street Construction Maintenance & Repair Fund, and Permanent Improvement Fund for the year ended December 31, 2013. The amounts agreed.
2. We scanned the appropriation measure adopted for 2013 to determine whether, for the General Fund, Water Operating Fund and Sewer Operating Fund, 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 for the following funds: General Fund, Water Operating Fund, and Sewer Operating Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
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 Fund, Water Operating Fund and Sewer Operating Fund for the year ended December 31, 2013. 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, 2013 for the General Fund, Water Operating Fund and Sewer Operating Fund, 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. 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.

Compliance – Budgetary – (Continued)

7. We scanned the 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$2,000 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 year ended December 31, 2013 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 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

Columbus, Ohio

May 2, 2014



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VILLAGE OF WINDHAM

PORTAGE 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
MAY 27, 2014**