



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF GAMBIER  
KNOX COUNTY

AGREED UPON PROCEDURES

For the Years Ended December 31, 2014 and 2013





# Dave Yost • Auditor of State

Village Council  
Village of Gambier  
115 Meadow Lane  
Gambier, Ohio 43022

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Gambier, Knox County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the period January 1, 2013 through December 31, 2014. 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 Gambier is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 14, 2015

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Knox County  
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# Balestra, Harr & Scherer, CPAs, Inc.

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

Village Council  
Village of Gambier  
Knox County  
115 Meadow Lane  
Gambier, Ohio 43022

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Gambier (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, 2014 and 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 and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2012 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2013 balances in the Fund Cash Balance Statement. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Cash Balance Statement. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 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, 2014 and December 31, 2013 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.

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- b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

#### **Intergovernmental and Other Confirmable Cash Receipts**

1. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's Voucher Inquiry Report from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Pay In Summary 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 selected five income tax returns filed during 2014 and five from 2013.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the Income Tax Posting Journal. The amounts agreed.
  - b. We compared the Income Tax Posting Journal total from step a. to the amount recorded as income tax receipts in the Pay In Summary 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 2014 and five from 2013.
  - a. We compared the refund paid from Check Register 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 and Sewer Fund**

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2014 and 10 Water and Sewer Fund collection cash receipts from the year ended 2013 recorded in the Pay In Summary Report and determined whether the:
  - a. Receipt amount per the Pay In Summary Report agreed to the amount recorded to the credit of the customer's account in the Utility System Daily Cash Receipts Journal. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Utility System New Charge Listing 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 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 Delinquent Report.
  - a. We noted this report listed \$14,426 and \$7,361 of accounts receivable as of December 31, 2014 and 2013, respectively.
  - b. The Village was unable to produce a report showing the aging of the accounts receivable, so we were unable to confirm the amounts that were more than 90 days delinquent.
3. We read the Utility Billing Trial Balance Report.

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- a. We noted this report listed a total of \$18,962 and \$13,002 non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
- b. We selected five non-cash adjustments from 2014 and five non-cash adjustments from 2013, and noted that the Village Administrator approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we noted the following bonds, notes, and loans outstanding as of December 31, 2012. These amounts agreed to the Village's January 1, 2013 balances on the summary we used in step 3.

| <b>Issue</b>                | <b>Principal outstanding as of December 31, 2012:</b> |
|-----------------------------|-------------------------------------------------------|
| Mortgage Revenue Bonds 2201 | \$184,000                                             |
| Mortgage Revenue Bonds 2202 | 14,000                                                |
| OPWC CQ926                  | 41,340                                                |
| OPWC CQ29A                  | 35,764                                                |
| OPWC CQ04F                  | 59,642                                                |
| OPWC CQ33G                  | 7,500                                                 |
| OWDA 2269                   | 594,246                                               |

2. We inquired of management, and scanned the Pay In Summary Report and Check Register for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded and note debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Check Register. We also compared the date the debt service 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 2014 and one payroll check for five employees from 2013 from the Earnings Register and:
  - a. We compared the hours and pay rate, or salary recorded in the Earnings Register 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 and minute record. 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, 2014 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 2014. We noted the following:

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| <b>Withholding<br/>(plus employer share,<br/>where applicable)</b>                                  | <b>Date Due</b>  | <b>Date Paid</b>  | <b>Amount<br/>Due</b> | <b>Amount Paid</b> |
|-----------------------------------------------------------------------------------------------------|------------------|-------------------|-----------------------|--------------------|
| Federal income taxes & Medicare (and social security, for employees not enrolled in pension system) | January 31, 2015 | December 26, 2014 | \$1,816               | \$1,816            |
| State income taxes                                                                                  | January 15, 2015 | January 6, 2015   | \$799                 | \$799              |
| Village of Gambier income taxes                                                                     | January 31, 2015 | January 6, 2015   | \$385                 | \$385              |
| Village of Mt. Vernon income taxes                                                                  | January 31, 2015 | January 6, 2015   | \$73                  | \$73               |
| OPERS retirement                                                                                    | January 30, 2015 | January 6, 2015   | \$6,069               | \$6,069            |

#### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Check Register for the year ended December 31, 2014 and ten from the year ended 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 Check Register 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 two instances 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 for the General, Street Construction, Maintenance and Repair and Water funds for the years ended December 31, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Street Construction, Maintenance and Repair and Water 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 Expense Statement for 2014 and 2013 for the following funds: General, Street

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Construction, Maintenance and Repair and Water funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Statement.

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 Water funds for the years ended December 31, 2014 and 2013. We noted that Water Fund appropriations for 2014 exceeded certified resources by \$6,459, 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, 2014 and 2013 for the General, Street Construction, Maintenance and Repair and Water funds, as recorded in the Expense Statement. 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 Revenue Statement for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 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.
7. We scanned the 2014 and 2013 Revenue Statements and Expense Statements 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.
8. We inquired of management and scanned the Expense Statements 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 Fund Balance Statement for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10(l) 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 Check Register for the years ended December 31, 2014 and 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.

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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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio

June 18, 2015



# Dave Yost • Auditor of State

VILLAGE OF GAMBIER

KNOX 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
JULY 28, 2015