



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Huntsville
Logan County
PO Box 107
Huntsville, Ohio 43324

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Huntsville (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, 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 Status Report to the December 31, 2012 balances in the prior year agreed-upon procedures documentation. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Status Report to the December 31, 2013 balances in the Fund Status Report. 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 Status Reports. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the bank 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 and February 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 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.
7. 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.
 - 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 four *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and four from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. All of the receipts were posted at net rather than gross. For 2014 and 2013, the Village posted net tax receipts of \$5,419 and \$6,633, respectively; however the Village should have posted gross tax receipts of \$8,782 and \$9,960, respectively. The differences of \$3,363 and \$3,327 should have been posted as general government disbursements. The Village should properly post tax receipts at the gross total distribution with a corresponding disbursement for tax fees to help prevent understated revenues and expenditures.
 - 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 Revenue Ledger to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. 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 Vendor Expense Report from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. 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 McArthur Township to the Village during 2014 and 2013 by obtaining the Township's Payment Listing Report. 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 obtained the December 31, 2014 and 2013 Statement of Income and Expenditures Reports submitted by the Central Collection Agency (CCA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Receipt Listings. Four receipts in 2014 and three in 2013 were posted at net rather than gross. For 2014 and 2013, the Village posted net tax receipts of \$18,962 and \$10,051, respectively; however the Village should have posted gross tax receipts of \$19,594 and \$12,897, respectively. The differences of \$632 and \$2,846 should have been posted as general government disbursements. The Village should properly post tax receipts at the gross amount, including revisions and estimates, with a corresponding disbursement for tax fees including overhead, refunds, and other fees to help prevent understating revenues and expenditures.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances or any debt payment activity during 2014 or 2013.

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 Wages and Overtime Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wages and Overtime Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one exception. In 2013, the Village paid the Fire Chief \$375 per quarter rather than \$500 per quarter as identified in Ordinance 746. The Fiscal Officer should use due care and ensure employees are properly paid based on approved amounts to help prevent unauthorized expenditures.
 - 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, 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:

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, 2015	December 31, 2014	\$1,632	\$1,632
State income taxes	January 15, 2015	December 31, 2014	\$132	\$132
Village of Huntsville income taxes	January 20, 2015	December 31, 2014	\$125	\$125
OPERS retirement	February 2, 2015	January 26, 2015	\$950	\$950

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Listing 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 Payment Listing 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 sixteen instances 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 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 and Ambulance funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General (2014 and 2013) and Ambulance (2013) Funds. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$128,000 for 2014. However, the final *Amended Official Certificate of Estimated Resources* reflected \$128,116 for 2014. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Ambulance funds of \$132,547 and \$17,506 for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$141,327 and \$21,706, respectively, 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 2014 and 2013 to determine whether, for the General, Street and Ambulance 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 2014 and 2013 for the following funds: General, Street, and Ambulance Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report except for the Ambulance Fund in 2014 and the General Fund in 2013. The Appropriation Status Report recorded appropriations for the Ambulance Fund of \$50,592 for 2014. However, the filed final appropriations reflected \$49,645. The Appropriation Status Report recorded appropriations for the General Fund of \$180,139 for 2013. However, the filed final appropriations reflected \$179,719. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved for appropriations to ensure 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, Street and Ambulance funds for the years ended December 31, 2014 and 2013. We noted that Street Fund appropriations for 2013 exceeded certified resources by \$6,662, 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 and Ambulance funds, as approved. We noted the Ambulance Fund expenditures for 2014 exceeded total appropriations by \$1,020, 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 Receipt Register Report 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 evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund. The Village received Federal Emergency Management Agency (FEMA) grants in 2014 and posted the revenues and expenditures to the Other Capital Projects fund rather than establishing the required separate fund. The Village should establish a separate FEMA grant fund to properly account for revenues and expenditures.
7. We scanned the 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 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 Fund Activity Report for the years ended December 31, 2014 and 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 negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report 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.

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

April 30, 2015



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VILLAGE OF HUNTSVILLE

LOGAN 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 26, 2015**