



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Fort Recovery
Mercer County
201 South Main Street
P.O. Box 340
Fort Recovery, Ohio

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Fort Recovery Village (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, 2015 and 2014, 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, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the YTD Fund Report to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the YTD Fund Report to the December 31, 2014 balances in the YTD Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the YTD Fund Report. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Village's financial institutions and online with the Fiscal Officer. We found no exceptions. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. We found one instance in which a check had not cleared as of February 2016. The check was for \$17.

- 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 one reconciling credit (such as deposits in transit) haphazardly from the December 31, 2015 bank reconciliation:
 - a. We traced the credit to the December 2015 bank statement. We found no exceptions.
 - b. We agreed the credit amount to the Receipt Detail Report. The credit was not recorded in December, and therefore, was not posted timely.
7. We tested investments held at December 31, 2015 and December 31, 2014 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 Distribution of Receipts from County Auditor for Property and Real Estate Tax Report (the Report) for 2015 and one from 2014:
 - a. We traced the gross receipts from the Report to the amount recorded in the Detail Revenue Transactions 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 Detail Revenue Transactions Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Detail Revenue Transactions Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the Mercer County Audit Trail by Vendor Report from 2015 and five from 2014,
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Transactions 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 to the Village during 2014. 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.

Income Tax Receipts

1. We selected five income tax returns filed during 2015 and five from 2014.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Monthly Revenue Report. The amounts agreed.

- b. We compared the Monthly Revenue Report total from step a. to the amount recorded as income tax receipts in the MTD/YTD 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 2015 and five from 2014.
 - a. We compared the refund paid from Detail Expense Transactions Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds was approved by the Fiscal Officer or Village Administrator.
 - c. We noted the refunds were paid from the Income Tax Fund, as is required.

Water Operating and Sewer Operating Fund

1. We haphazardly selected 10 Water Operating, Sewer Operating, Sanitary Sewer, Sewer User Fees, Water Guarantee, Sewer Improvement, Utility Pay On, and Water Tower Improvement Fund cash receipts from the year ended December 31, 2015 and 10 Water Operating, Sewer Operating, Sanitary Sewer, Sewer User Fees, Water Guarantee, Sewer Improvement, Utility Pay On, and Water Tower Improvement Fund cash receipts from the year ended 2014 recorded in the Receipt Detail Report and determined whether the:
 - a. Receipt amount per the Receipt Detail Report agreed to the amount recorded to the credit of the customer's account in the Utility Billing Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Journal 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 Summary Aged AR by Account by Bill Date Report.
 - a. We noted this report listed \$48,132 and \$47,502 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. Of the total receivables reported in the preceding step, \$189 and \$666 were recorded as more than 90 days delinquent.
3. We read the Utility Bill Adjustment Journal.
 - a. We noted this report listed a total of \$571 and \$805 non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
 - b. We selected five non-cash adjustments from 2015 and five non-cash adjustments from 2014, and noted that the Village Administrator approved each adjustment

Debt

1. From the prior audit documentation, we noted the following bonds and loans outstanding as of December 31, 2013. These amounts agreed to the Villages January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
Second National Bank	\$337,825
Rural Development Mortgage Revenue Bonds	\$1,523,800
Ohio Public Works Commission Loans	\$672,672
Total	\$2,534,297

2. We inquired of management, and scanned the Receipt Detail Transactions Report and Detail Expense Transactions Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded and loan debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to debt payments reported in the Detail Expense Transactions 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. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Water Operating and Sewer Operating funds per the Receipt Detail Transactions Report. The amounts agreed.
5. For new debt issued during 2015 and 2014, we inspected the debt legislation, noting the Village must use the proceeds to finance or reimburse costs of the project for combined sewer separation. We scanned the Payment Register Detail Report and noted the Village made payments to the Treasurer of the State of Ohio for the loan in 2015.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Detail Check Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Detail Check Register 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 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, 2015 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 2015. 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, 2016	December 30, 2015	\$2,844.33	\$2,844.33

State income taxes	January 15, 2016	December 30, 2015	\$993.99	\$993.99
Village of Fort Recovery income taxes	January 15, 2016	December 31, 2015	\$1,277.77	\$1,277.77
OPERS retirement	January 30, 2016	January 15, 2016	\$4,207.23	\$4,207.23
OP&F retirement	January 31, 2016	January 19, 2016	\$1,234.94	\$1,234.94

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Detail Expense Transactions Report for the year ended December 31, 2015 and ten from the year ended 2014 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 Detail Expense Transactions 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 MTD/YTD Revenue Report for the General, Street Construction Maintenance Repair, and Water Revenue funds for the years ended December 31, 2015 and 2014. The amounts agreed.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Street Levy and Sewer Revenue 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 MTD/YTD Expense report for 2015 and 2014 for the following funds: General (both years), Street Levy (2014), Sewer Revenue (2014), Water Revenue (2015), and Sewer Improvement Funds (2015). The amounts on the appropriation resolutions agreed to the amounts recorded in the MTD/YTD Expense 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, Street Construction Maintenance Repair and Water Revenue funds for the years ended December 31, 2015 and 2014. 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 years ended December 31, 2015 and 2014 for the General, Street Construction Maintenance Repair and Water Revenue funds, as recorded in the YTD Fund 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 Detail Receipt Transactions Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. 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 2015 and 2014 Detail Revenue Transactions Report and Detail Expense Transactions Report for evidence of interfund transfers exceeding \$3,000 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 MTD/YTD Expense 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 YTD Fund Report for the years ended December 31, 2015 and 2014 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 balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 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

July 5, 2016



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VILLAGE OF FORT RECOVERY

MERCER 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
AUGUST 2, 2016