



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Forest
Hardin County
211 West Lima Street
Forest, Ohio 45843

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Forest (the Village) and the Auditor of State, on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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 recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We attempted to agree the January 1, 2019 beginning fund balances recorded in the Fund Status Report to the December 31, 2018 balances in the prior year audited statements. The balances did not agree.

The January 1, 2019 all funds total on the Fund Status Report was \$943,679 and the December 31, 2018 total of all fund balances in the prior audited statements was \$942,632; a difference of \$1,047. The difference was due to prior audit adjustments which were not posted by the Village until after completion of the prior audit which was after the 2019 reporting period was closed.

We agreed the January 1, 2020 beginning fund balances recorded in the Fund Status Report to the December 31, 2019 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, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. 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, 2020 bank reconciliation without exception.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 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 and determined the debits were dated prior to December 31. There were no exceptions.
6. We inspected the Fund Status Report to determine whether the Finding For Adjustment identified in the prior audit report, due from the General fund, payable to the Debt Service fund, was properly posted to the ledgers and reflected in the fund balances in Procedure 2. We found no exceptions.
7. We inspected investments held at December 31, 2020 and December 31, 2019 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.

Intergovernmental

1. We selected a total of five receipts from the State Distribution Transaction Listing (DTL), and the County Expenditure History By Vendor Report for 2020:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2020 and five from 2019.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Income Tax Batch Transaction Listing. The amounts agreed.
 - b. We compared the Tax Batch Transaction Listing total from procedure a. to the amount recorded as income tax receipts in the Receipt Detail Report for that date. The amounts agreed.
2. We compared the date of the receipts to the date the receipts was posted in the Receipt Detail Report to determine whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2020 and five from 2019.
 - 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 observed the approval by Fiscal Officer on each of the refunds. No exceptions were found.
 - c. We observed the refunds were paid from the General Fund, as is required.

Water Operating Fund, Sewer Operating Fund, and Solid Waste Fund

1. We selected 10 Water Operating Fund, Sewer Operating Fund, and Solid Waste Fund collection cash receipts from the year ended December 31, 2020 and 10 Water Operating Fund, Sewer Operating Fund, and Solid Waste Fund collection cash receipts from the year ended 2019 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 and Monthly Cash Log Spreadsheets. 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 observed the Summary Open AR By Account Report and Utility Delinquent Billing Journal.
 - a. This report listed \$12,487.32 and \$10,307.32 of accounts receivable as of December 31, 2020 and 2019, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$0 were recorded as more than 90 days delinquent.

3. We observed the Monthly Utility Bill Adjustment Journal Reports, Monthly Miscellaneous Charge Journals, and Monthly Summary Penalty Waivers by Cycle and Book Reports:
 - a. These reports listed a total of \$5,439.33 and \$4,662.97 non-cash receipts adjustments for the years ended December 31, 2020 and 2019, respectively.
 - b. We selected five non-cash adjustments from 2020 and five non-cash adjustments from 2019, and observed that the Village Council approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2018. These amounts agreed to the Villages January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
OPWC Loan #CT41J	\$16,625
OPWC Loan #CT52L	\$17,415
OPWC Loan #CP46T	\$129,628
OPWC Loan #CT39Q	\$18,444
OWDA Loan #4708	\$686,919
OWDA Loan #3509	\$165,184
OWDA Loan #3966	\$276,698
OWDA Loan #4827	\$298,268
OWDA Loan #5287	\$567,699
OWDA Loan #7453	\$86,467

2. We inquired of management, and inspected the Receipt Register Report and Appropriations Ledger for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt as of December 31, 2020 agreed to the summary we used in procedure 3.

Debt (Continued)

For the year ended December 31, 2019, the Village recorded \$389,775 of debt proceeds in the Village's Enterprise Funds from the Ohio Public Works Commission. We confirmed the payment on the Ohio Public Works Commission website, reviewed the Ohio Public Works Commission Agreement CP45V and noted the funding received by the Village from the Ohio Public Works Commission was a grant, not a loan. The Village incorrectly classified a \$389,775 Ohio Public Works Commission grant as loan proceeds instead of intergovernmental revenue in 2019. In addition, a purchase of a truck in the amount of \$5,015, was recorded on the financial statements as interest and fiscal charges.

Financial recording errors in the accounting records and on the financial statements may impact the user's understanding of the financial operations, the ability of management to make sound financial decisions, and result in the material misstatement of the financial statements and notes.

Council should periodically perform an in-depth review of the accounting records and perform a review of the annual financial statements and notes to help identify and correct errors such as those identified above.

3. We obtained a summary of loan debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedules to the Water Fund and Sewer Fund payments reported in the Appropriations Ledger. 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 selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files. We found no exceptions.
 - c. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 to confirm 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 2020. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare and Social Security	January 31, 2021	January 6, 2021	\$3,591.62	\$3,591.62
State income taxes	January 15, 2021	January 5, 2021	\$662.71	\$662.71
School District Income	January 15, 2021	January 5, 2021	\$306.15	\$306.15
Village Income Tax	January 31, 2021	January 6, 2021	\$346.56	\$346.56
OPERS retirement	January 30, 2021	January 6, 2021	\$4,615.88	\$4,615.88
OP&F retirement	January 31, 2021	January 6, 2021	\$2,926.08	\$2,926.08

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check/eft 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. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General Fund, Street Construction Maintenance & Repair Fund and Sewer Operating Fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected the 5 largest interfund transfers from 2020 and 2019 Interfund Transfer Listing Reports, Revenue Status Reports, and Appropriation Status Reports, for compliance with Ohio Rev. Code Sections 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner.
3. We inspected the Fund Status Report for the years ended December 31, 2020 and 2019 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. There were no funds having negative cash fund balances.

Sunshine Law Compliance

1. We obtained and inspected the Village's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We selected two public records requests from the engagement period and inspected each request to determine the following:
 - a. The Village was compliant and responded to the request in accordance with their adopted policy as required by Ohio Rev. Code § 149.43(B)(1). For both public records requests selected for testing the Village did not maintain documentation supporting that they responded to the requests in accordance with their adopted policy.

Sunshine Law Compliance (Continued)

Ohio Rev. Code § 149.43(B)(1), states, in part, that upon request and subject to division (B)(8) of this section, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. Subject to division (B)(8) of this section, upon request by any person, a public office or person responsible for public records shall make copies of the requested public record available to the requester at cost and within a reasonable period of time.

The Village did not maintain documentation to support the public records requests were made timely and in accordance with its Public Records Policy.

Training and a procedure(s) and/or control(s) should be provided to the public records custodian and/or others responsible for responding to public records requests to ensure compliance with the Ohio Revised Code and with the Village's public records policy.

- b. The Village did not have any denied public records requests during the engagement period.
3. We inquired whether the Village had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code §§ 149.43(B)(2) and 149.43(B)(3). We found no exceptions.
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the Village's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We attempted to inspect individual training certificates to determine whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). There was no evidence that public records training was attended by each official or his/her designee.

Ohio Rev. Code § 109.43(B), requires all elected officials or their designees to attend three hours of public records training approved by the Attorney General for every term of office.

No elected officials or his/her designee attended public records training during 2019 and 2020.

The lack of public records training may result in the Officials or others employed by the Village making errors when it comes to maintaining public records and responding to requests for public records.

A reminder system should be implemented by the Village to ensure all elected officials or their designee attends the required records training during each term of office.

Sunshine Law Compliance (Continued)

9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance

1. We inquired of management and those charged with governance and documented how the Village decided to spend their CRF allocations and how the Village evaluated and documented their compliance with the CARES Act three-prong test. We then selected five payroll and non-payroll transactions and determined the Village:
 - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
 - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We inquired with management and inspected the Appropriation Status Report to determine the local government did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.

Other Compliance (Continued)

2. We inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 733.81. The Fiscal Officer obtained training but did not meet the ethics and CPRT requirements.

Ohio Rev. Code § 733.81(D)(4), requires at least two hours of ethics instruction shall be included in the continuing education hours required by divisions (D)(1) and (2) of this section.

The Fiscal Officer obtained twenty one hours of training for the term of office ending March 31, 2020 but did not obtain the two hours of required ethics training.

A procedure and/or control, such as a reminder system should be implemented to help ensure that all required training is obtained for each term of office.

3. For all credit card accounts we obtained:
- copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
- a. We inspected the established policy(ies) obtained above and determined it is:
- i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.
- We found no exceptions.
- b. We selected 1 credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
- i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.
- We found no exceptions.
- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
- i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.
- We found no exceptions.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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Hardin County
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This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

May 25, 2021

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FOREST

HARDIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/13/2021

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www.ohioauditor.gov