



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

Village of Harrod  
Allen County  
PO Box 129  
Harrod, Ohio 45850

We have performed the procedures enumerated below on the Village of Harrod's (the Village) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2021 and 2020 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, 2021 and 2020 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village.

The Village Council, Mayor and the management of the Village have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2021 and 2020, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash

1. We recalculated the December 31, 2021 and December 31, 2020 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2020 beginning fund balances for each opinion unit recorded in the Cash Summary by Fund report to the December 31, 2019 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2021 beginning fund balances for each fund recorded in the Cash Summary by Fund report to the December 31, 2020 balances in the Cash Summary by Fund report. We found no exceptions.
3. We agreed the 2021 and 2020 bank reconciliation adjusted UAN Balances and Adjusted Bank Balances as of December 31, 2021 and 2020 to the total fund cash balances reported in the Cash Summary by Fund report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.

### **Cash (Continued)**

4. We confirmed the December 31, 2021 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2021 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2021 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. We found no exceptions.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2021 bank reconciliation:
  - a. We traced each credit to the subsequent January or February bank statements. Both reconciling credits in the amount of \$167.50 were still outstanding as of February 28, 2022.
  - b. We agreed the credit amounts to the Receipts Register and determined they were dated prior to December 31. We found no exceptions.

### **Intergovernmental Cash Receipts**

1. We selected a total of five receipts from the State Distribution Transaction Listing (DTL) for 2021 and a total of five from 2020:
  - a. We compared the amount from the above named report 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 §§ 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 obtained two Monthly Distribution Reports from 2021 and two from 2020 submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes from the Monthly Distribution Reports to the Village's Receipt Detail Report. The amounts agreed.

### **Other Receipts**

1. We selected 10 other receipts from the year ended December 31, 2021 and 10 other receipts from the year ended 2020 and:
  - a. Agreed the receipt amount recorded in the Receipt Detail Report to supporting documentation. The Village did not maintain proper support for two of the receipts selected in 2021 in the amount of \$520 and three of the receipts selected in 2020 in the amount of \$1,200.
  - b. Confirmed the amounts charged complied with rates in force during the period. We were unable to verify that the missing receipts noted in the previous step were charged at the proper rates.
  - c. Inspected the Receipt Detail Report to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

### **Sewer Operating Fund Charges for Services**

1. We selected 10 Sewer Operating Fund collection cash receipts from the year ended December 31, 2021 and 10 Sewer Operating Fund collection cash receipts from the year ended 2020 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 Payments by Date Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Payments by Date Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the engagement 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 Accounts Receivable Detail Report.
  - a. This report listed \$8,574.65 and \$4,175.78 of accounts receivable as of December 31, 2021 and 2020, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$5,839.57 and \$3,086.50 were recorded as more than 90 days delinquent.
3. We observed the Adjustment Report.
  - a. This report listed a total of \$10,668.63 and \$5,636.96 non-cash receipts adjustments for the years ended December 31, 2021 and 2020, respectively.
  - b. We selected five non-cash adjustments from 2021 and five non-cash adjustments from 2020, and observed that the President of the Board of Public Affairs is not properly approving each adjustment.

### **Debt**

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2019.
2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2021 or 2020 or debt payment activity during 2021 or 2020. There were no new debt issuances, nor any debt payment activity during 2021 or 2020.

### **Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2021 and one payroll check for five employees from 2020 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-approved rate or salary).
    - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
    - ii. We agreed these items to the information used to compute gross and net pay related to this check.  
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 and minute record. We found no exceptions.
  - c. We confirmed the payment was posted to the proper year. We found no exceptions.

**Payroll Cash Disbursements (Continued)**

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2021 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 2021. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2022	January 16, 2022	\$2,349.27	\$2,349.27
State income taxes	January 31, 2022	January 22, 2022	\$470.10	\$470.10
Village of Harrod income tax	January 31, 2022	January 22, 2022	\$232.49	\$232.49
OPERS retirement	January 30, 2022	January 27, 2022	\$2,756.77	\$2,756.77

We found no exceptions.

**Non-Payroll Cash Disbursements**

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2021 and 10 from the year ended 2020 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 § 5705.41(D). We found no exceptions.

**Compliance – Budgetary**

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2021 and 2020 for the General, Street Construction Maintenance and Repair and Sewer Operating funds as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.
2. We inspected interfund transfers from the 2021 Revenue Status Reports and Appropriation Status Reports for compliance with Ohio Rev. Code §§ 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 Cash Summary by Fund Report for the years ended December 31, 2021 and 2020 for negative cash fund balance. Ohio Rev. Code § 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 inquired with Village management and determined that the Village did not have any completed, denied or redacted public records requests during the engagement period.
3. We inquired with Village management and determined that the Village did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). Ohio Rev. Code § 149.43(B)(2) requires "a public office to have available a copy of its current records retention schedule at a location readily available to the public."
4. We inquired if the Village possessed written evidence that its public records policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). No such written evidence existed. Ohio Rev. Code § 149.43(E)(2) states, in part, "The public office shall distribute the public records policy adopted by the public office under this division to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy."
5. We inquired with Village management and determined that the Village did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the Village's poster describing their Public Records Policy was not properly displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). Ohio Rev. Code §149.43(E)(2) states, in part, that a public office "shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices." The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site.
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 inspected individual proof of attendance and determined 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). We found no exceptions.
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.

### **Sunshine Law Compliance (Continued)**

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 § 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 documented their compliance with the CARES Act three-prong test. We then selected five 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 recalculated the unencumbered balance the local government should have paid back to the county treasurer and determined the unencumbered balance in the amount of \$12,639.22 was not returned to the county treasurer by November 20, 2020. The balance of the Coronavirus Fund was \$0 at April 30, 2021. **Am. Sub. HB 481 and Sub. HB 614**, require, that on or before November 20, 2020, the fiscal officer of each subdivision “shall pay the unencumbered balance of money in the subdivision's local coronavirus relief fund to the county treasurer.”

### **Contract Compliance:**

1. We inspected the Minutes and identified the Village had expenditures subject to competitive bidding. We found no exceptions.
2. We selected the one contract over \$50,000 in 2021 and:
  - a. We inspected the contract and other bids for the contracted expenditure and determined:
    - i. The Village accepted the lowest bid and met the requirements of Ohio Rev. Code § 735.05.
    - ii. No bid splitting occurred
    - iii. No deliberate attempts to evade bid limitations occurred, such as successive contracts just under the bid amount, occurred.
    - iv. No apparent interest in the contract by a public official occurred.We found no exceptions.
  - b. We inspected the advertisements of the proposals for bids in the newspaper and determined they were made as required by Ohio Rev. Code §731.14 and 7.16. We found no exceptions.



### Other Compliance

1. Ohio Rev. Code § 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, 2021 and 2020 in the Hinkle system. We found no exceptions.
2. We inquired of the fiscal officer to determine whether the fiscal officer obtained the training required by Ohio Rev. Code §§ 507.12 and 733.81. Fiscal Officer obtained the required training.

### Related Party Transactions

1. We inquired with management and identified the following Related Party Transactions:  
The Village paid Blake's Garage, which is owned by the Mayor, \$2,349.46 in 2021 and \$101.83 in 2020.  
We found no exceptions.
2. We confirmed the transactions with the bank statements. We found no exceptions.
3. We obtained supporting evidence for the Related Party Transactions identified in procedure 1. We found no exceptions.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the Village and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 17, 2022

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HARROD**

**ALLEN 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 11/10/2022**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)