

VILLAGE OF GARRETTSVILLE

PORTAGE COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 31, 2014 and 2013





Dave Yost • Auditor of State

Village Council
Village of Garrettsville
8213 High Street
Garrettsville, Ohio 44231

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Garrettsville, Portage County, prepared by Charles E. Harris & Associates, 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 Garrettsville is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

May 21, 2015

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**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2014 and 2013**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Garrettsville
Portage County
8213 High Street
Garrettsville, Ohio 44231

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

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 Ledger Report to the December 31, 2012 balances to 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 Ledger Report to the December 31, 2013 balances in the Fund Ledger 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 confirmed the December 31, 2014 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, 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 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 2014 and 2013 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

Property Taxes and Intergovernmental Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Register Report 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 DTLs from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register 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 compared the allocation of income tax receipts for the years ended December 31, 2014 and 2013 to the Village's funds according to the allocation requirements of Ordinance No. 2005-05. The allocation agreed with the percentages the Ordinance requires.
2. 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 daily receipt listing. The amounts agreed.
 - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
4. We determined whether the receipts were recorded in the year received. We found no exceptions.
5. We selected five income tax refunds from 2014 and five from 2013.
 - 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 noted each of the refunds were approved by the income tax clerk.
 - c. We noted the refunds were paid from the Income Tax Refunds 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 Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Accounts Receivable Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Accounts Receivable Report 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 Aged Accounts Receivable Report.
 - a. We noted this report listed \$107,670 and \$119,485 of accounts receivable as of December 31, 2014 and 2013, respectively.
 - b. Of the total receivables reported in the preceding step, \$7,422 and \$11,650 were recorded as more than 90 days delinquent.

3. We read the Suspended Charges Report.
 - a. We noted this report listed a total of \$357 and \$0 non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
 - b. We selected two non-cash adjustments from 2014 (all that were available), and noted that the President of the Board of Public Affairs approved each adjustment.

Debt

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

Issue	Principal outstanding as of December 31, 2012:
Ohio Water Development Authority	\$5,335,223
Special Assessment Bonds	\$22,000
OPWC Loan	\$332,500
OPWC Loan for Issue 1: Sewer	\$17,500
OPWC Sanitary Sewer Interceptor	\$4,219
OPWC – Forrest/Elm Street: Water	\$17,213

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report 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 bond and loan 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 Payment Register Detail Report. 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 Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report 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 or minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. 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 30, 2014	\$5,751.47	\$5,751.47
State income taxes	January 15, 2015	December 29, 2014	\$2,437.51	\$2,437.51
Village of Garrettsville income taxes	January 20, 2015	December 29, 2014	\$812.34	\$812.34
OPERS retirement	January 30, 2015	December 31, 2014	\$6,335.12 Employee \$8,869.05 Employer	\$15,204.17
OP&F retirement	January 31, 2015	January 2, 2015	\$2,685.02 Employee \$4,552.85 Employer	\$7,237.87

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report 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 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. 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 Status Report for the General, State Highway and Drug Law Enforcement 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 State Highway Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the State Highway fund of \$8,000 for 2013 and \$8,233 for 2014. However, the final *Amended Official Certificate of Estimated Resources* reflected \$7,500 for 2013 and \$8,000 for 2014. 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, State Highway and Drug Law Enforcement 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, State Highway, and Drug Law Enforcement funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status 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, State Highway and Drug Law Enforcement funds for the years ended December 31, 2014 and 2013. 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, 2014 and 2013 for the General, State Highway and Drug Law Enforcement fund, as recorded in the Appropriation Status 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 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 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 Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$100 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 Cash Summary by Fund 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 a negative cash fund balance.

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, 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.

Charles Harris

Charles E. Harris & Associates, Inc.

April 5, 2015

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VILLAGE OF GARRETTSVILLE

PORTAGE 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
JUNE 2, 2015**