



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Osgood
Darke County
P.O. Box 177
Osgood, Ohio 45351

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of Osgood Village (the Village), on the receipts, disbursements and balances recorded in the Villages cash basis accounting records for the years ended December 31, 2016 and 2015 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, 2016 and 2015 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

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Cash Journal to the December 31, 2014 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Cash Journal to the December 31, 2015 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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. There were no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Ledger. The amounts agreed.
 - b. We inspected the Receipt Ledger to confirm 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 inspected the Receipt Ledger to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Cash Journal to determine whether it included two real estate tax receipts for 2016 and 2015. The Cash Journal included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also haphazardly selected five receipts from the County Auditor's DTLs from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Cash Journal. The amounts agreed.
 - b. We inspected the Cash Journal to determine whether that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Cash Journal to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amount paid from the Village of North Star to the Village of Osgood during 2015 with the Village of North Star. We also agreed the receipt for on-behalf sewer district activity in 2015 to supporting documentation. We found no exceptions.
 - a. We inspected the Receipt Ledger to determine whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We inspected the Receipt Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

We obtained the December 31, 2016 and 2015 Report of the Department of Taxation reports submitted by the City of St. Marys, 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 Receipts Ledger. The amounts agreed.

Sewer Fund

We agreed the total gross water and sewer receipt per fund from December 31, 2016 and 2015 Total Expenditure reports prepared by Darke County (the agency responsible for collecting water and sewer receipts for the Village), to the Village's Revenue Ledger without exception.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2014. These amounts agreed to the Village's January 1, 2015 balances on the summary we used in step 3.

| Issue | Principal outstanding as of December 31, 2014: |
|-----------|--|
| OWDA Loan | \$709,650.29 |

2. We inquired of management, and inspected the Cash Journal for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3. There were no new debt issuances during 2016 or 2015.
3. We obtained a summary of loan activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to Sewer Fund payments reported in the Cash Journal. 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 2016 and one payroll check for five employees from 2015 from the Cash Journal and:
 - a. We compared the hours and pay rate, or salary recorded in the Cash Journal to supporting documentation (legislatively-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined the employees' personnel files and minute record 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(s) and fund(s) 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 inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 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 2016. 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, for employees not enrolled) | January 31, 2017 | 1/15/2017 | \$456.48 | \$456.48 |

| | | | | |
|------------------------------|------------------|-----------|-------|-------|
| in pension system) | | | | |
| Village of Osgood income tax | January 15, 2017 | 1/15/2017 | \$134 | \$134 |
| OPERS retirement | January 30, 2017 | 12/7/2016 | \$216 | \$216 |

Non-Payroll Cash Disbursements

1. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for *Safety and Health*, and checks recorded as *Transportation* in the State Highway fund for 2016. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2016 and ten from the year ended 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions except \$205 for a bounce house for appreciation day in 2015.
 - 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 Appropriation Ledger 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 Receipt Ledger for the General, State Highway, and Sewer funds for the years ended December 31, 2016 and 2015. The amounts on the Certificate did not agree to the amount recorded in the accounting system for those funds in 2016 or 2015. The Receipts Ledger recorded budgeted (i.e. certified) resources for the General, State Highway, and Sewer Funds of \$154,101, \$1,598, and \$35,641, respectively, for 2016. However the Amended Official Certificate of Estimated Resources reflected \$105,020, \$1,600, and \$82,000, respectively. The Receipts Ledger recorded the budgeted (i.e. certified) resources for the General, State Highway, and Sewer Funds of \$133,803, \$1,723, and \$92,650, respectively, for 2015. However the Amended Official Certificate of Estimated Resources reflected \$104,330, \$1,600, and \$77,000, respectively. The fiscal officer should periodically compare amounts recorded in the Receipts Ledger 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 inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, State Highway, and Sewer 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 Ledger for 2016 and 2015 for the following funds: General, State Highway, and Sewer funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.

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 Sewer funds for the years ended December 31, 2016 and 2015. We observed 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, 2016 and 2015 for the General, State Highway, and Sewer funds, as recorded in the Appropriation Ledger. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2016 and 2015 Receipt and Appropriation Ledgers 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.
9. We inquired of management and inspected the Appropriation Ledgers to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Cash Journal for the years ended December 31, 2016 and 2015 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. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Appropriation Ledgers for the years ended December 31, 2016 and 2015 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.

Other Compliance

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, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Village's deadline where the initial filing was filed on time but incomplete. 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 year ended December 31, 2015 in the Hinkle system. Financial information for 2016 was filed on September 26, 2017, which was not within the allotted timeframe.

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.

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, 2016 and 2015, 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 "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

February 7, 2018



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VILLAGE OF OSGOOD

DARKE 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
FEBRUARY 27, 2018