



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Savannah
Ashland County
PO Box 164
Savannah, Ohio 44874

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Savannah, Ashland County, Ohio, (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, 2011 and 2010, 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, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Cash Balance Statement – By Account # Report to the December 31, 2009 balances documented in the prior year Agreed-upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 fund cash balances reported in the Fund Cash Balance Statement – By Account # reports. The amounts agreed.
4. We confirmed the December 31, 2011 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, 2011 bank reconciliation without exception.

Cash and Investments (continued)

5. We noted all five outstanding checks from the December 31, 2011 bank reconciliation were greater than one year old, with some dating as far back as May 31, 2006. We recommend the Village develop a written policy regarding writing off of old or stale checks following the guidance provided for in Auditor of State Management Advisory Services Bulletin 91-11. This bulletin indicates that pursuant to Ohio Rev. Code Section 9.39 unclaimed money shall be deposited to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General Fund. The Village should also consider placing an ad in a local newspaper listing the names of individuals with outstanding checks in an effort to clear up these items.
6. We tested investments held at December 31, 2011 and December 31, 2010 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 *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2011 and one from 2010:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Pay-in Summary Journal. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) 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 Pay-in Summary Journal to determine whether it included two real estate tax receipts for 2011 and 2010. We noted the Pay-in Summary Journal included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010.
 - a. We compared the amount from the State DTL to the amount recorded in the Pay-in Summary Journal. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). 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 Ashland County Auditor for Local Government Revenue to the Village during 2011 and 2010 with the County. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Sewer and Sewer Debt Fund

1. We haphazardly selected 10 Sewer Fund and Sewer Debt Fund collection cash receipts from the year ended December 31, 2011 and 10 Sewer Fund and Sewer Debt Fund collection cash receipts from the year ended December 31, 2010 recorded in the Daily Cash Receipts Journal and determined whether the:
 - a. Receipt amount per the Daily Cash Receipts Journal agreed to the amount recorded to the credit of the customer's account in the Customer Balance Report – By Account # report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer Balance Report – By Account # report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period plus last penalties and unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper fund(s), and was recorded in the year received. We found no exceptions.

2. We read the Customer Balance Report – By Account # report.
 - a. We noted this report listed \$11,725 and \$12,700 of accounts receivable as of December 31, 2011 and 2010, respectively.
 - b. Of the total receivables reported in the preceding step, \$8,869 was recorded as more than 90 days delinquent. The Aged Customer Delinquent Report – By Account # report which details this information could not be located for December 31, 2010 and could not be reproduced. We recommend the Village retain copies of its year-end Aged Customer Delinquent Reports so management may monitor the status of delinquent accounts.

3. The Village does not have a report detailing the total non-cash receipt adjustments made for the years ended December 31, 2011 and 2010. We recommend the Village retain or prepare a schedule of non-cash receipt adjustments made to its customers' accounts so these adjustments may be reviewed and monitored by management.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following bonds outstanding as of December 31, 2009. These amounts agreed to the Village's January 1, 2010 balances on the summary we used in step 3.

<u>Issue</u>	<u>Principal outstanding as of December 31, 2009:</u>
OPWC Bonds	\$7,151
USDA Sewer System Mortgage Revenue Bond – Series 1995A	311,000
USDA Sewer System Mortgage Revenue Bond – Series 1995B	146,000

2. We inquired of management, and scanned the Revenue Statement – By Account # report and Expense Statement – By Account # report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3.

Debt (Continued)

3. We prepared a summary of bonded debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to Sewer Fund payments and Sewer Debt fund payments reported in the Check Posting 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 2011 and one payroll check for five employees from 2010 from the Village's manual payroll ledger and:
 - a. We compared the hours and pay rate, or salary recorded in the Village's manual payroll ledger to supporting documentation (timecard, legislatively or statutorily-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 reimbursements of \$9.94 and \$13.09 in 2010 and 2011, respectively, to one employee for internet and postage was included in the employee's paycheck. We recommend employee reimbursements be paid by a separate check and not included in the employee's paycheck. We found no other exceptions.
 - c. 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 employee's timecards. 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 and minutes records 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 income tax withholding authorization and withholding

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

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 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 2011. We noted the following:

Withholding (plus employer share, where applicable)	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Due</u>	<u>Amount Paid</u>
Federal income taxes & Medicare	January 31, 2012	January 8, 2012	\$831.93	\$831.93
State income taxes	January 15, 2012	January 8, 2012	193.34	193.34
OPERS retirement	January 30, 2012	January 8, 2012	1,954.00	1,954.00

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Check Posting Journal for the year ended December 31, 2011 and ten from the year ended December 31, 2010 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 Check Posting Journal 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 Statement – By Account # for the General Fund, the Street Construction, Maintenance and Repair Fund; and the Sewer Fund for the years ended December 31, 2011 and 2010. The Village did not record the amounts on the *Certificate* in the accounting system. The fiscal officer should record the amounts on the *Certificate* in the accounting system and should periodically compare amounts recorded in the Revenue Statement – By Account # 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 2011 and 2010 to determine whether, for the General Fund; the Street Construction, Maintenance, and Repair Fund; and the Sewer Fund, 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 Expense Statement – By Account # report for 2011 and 2010 for the following funds: the General Fund; the Street Construction, Maintenance, and Repair Fund; and the Sewer Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Statement – By Account # report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General Fund; the Street Construction, Maintenance, and Repair Fund; and the Sewer Fund for the years ended December 31, 2011 and 2010. 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, 2011 and 2010 for the General Fund; the Street Construction, Maintenance, and Repair Fund; and the Sewer funds as recorded in the Expense Statement – By Account # report. We noted no funds for which expenditures exceeded appropriations.

Compliance – Budgetary (continued)

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Pay-in Summary Journal for evidence of new restricted receipts requiring a new fund during December 31, 2011 and 2010. 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 2011 and 2010 Revenue Statement – By Account # reports and Expense Statement – By Account # reports 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.
8. We inquired of management and scanned the Expense Statement – By Account # report 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.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Check Posting Journal report for the years ended December 31, 2011 and 2010 for material or labor procurements which exceeded \$25,000 (\$50,000 effective September 29, 2011), and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified no purchases subject to the aforementioned bidding requirements.

2. We inquired of management and scanned the Check Posting Journal for the years ended December 31, 2011 and 2010 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.

Officials' Response: The Village is aware of these issues and will take appropriate corrective action.

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.

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

Dave Yost
Auditor of State

May 9, 2012

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VILLAGE OF SAVANNAH

ASHLAND 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
JULY 03, 2012