



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Hanover  
Licking County, Ohio  
200 New Home Road  
Newark, Ohio 43055

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Hanover, Licking 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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We noted no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2010 balances in the prior year audited statements. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the Fund Ledger Report. We noted no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Fund Status Reports. We noted no exceptions.
4. We confirmed the December 31, 2012 bank account balance with the Village's financial institution. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation. We noted no exceptions.
5. We selected all four reconciling debits (such as outstanding checks) from the December 31, 2012 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We noted 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.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes (the SSAT) for 2012 and one from 2011:
  - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report. We noted no exceptions.
  - 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 noted no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. We noted no exceptions.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipts Register Report included the proper number of tax receipts for each year. We noted no exceptions.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's SSAT
  - a. We compared the amount from the above report to the amount recorded in the Receipt Register Report. We noted no exceptions.
  - b. We determined whether these receipts were allocated to the proper funds. We noted no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We noted no exceptions.

### **Sewer Fund**

1. We haphazardly selected 10 Sewer Fund collection cash receipts from the year ended December 31, 2012 and 10 Sewer Fund collection cash receipts from the year ended 2011 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 Posted Payments Report. No exceptions noted.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Posted Payments Report for the billing period. We noted no exceptions.
    - ii. Complied with rates in force during the audit period. We noted no exceptions.
  - c. Receipt was posted to the proper fund, and was recorded in the year received. We noted no exceptions.
2. We read the Accounts with Past Due Balances Report.
  - a. We noted this report listed \$6,631 and \$9,906 of accounts receivable as of December 31, 2012 and 2011, respectively. We noted no exceptions.
  - b. Of the total receivables reported in the preceding step, \$5,415 and \$7,990 were recorded as more than 90 days delinquent.

## Debt

1. From the prior audit documentation, we noted the following note and loan outstanding as of December 31, 2010. These amounts agreed to the Village's January 1, 2011 balances on the summary we used in step 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2010:</b>
OWDA Loan	\$3,974,545
Tax Anticipation Note	24,378

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in Step 3.
3. We obtained a summary of note and loan debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to the Street Construction, Maintenance and Repair and Sewer Funds 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.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General and Sewer Funds per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2012, we inspected the debt legislation, noting the Village must use the proceeds to pay General and Sewer Fund expenses in anticipation of revenues to be received. We scanned the Payment Register Detail Report and noted the Village used the proceeds to pay expenses in anticipation of revenue to be received. We also noted the debt issued during 2012 was repaid as of December 31, 2012.

## Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Village's Payroll Ledger and:
  - a. We compared the pay rate, or salary recorded in the Payroll Ledger to supporting documentation (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 Ledger. We found no exceptions.
  - c. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 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 2012. We noted the following:

**Payroll Cash Disbursements (Continued)**

<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, Medicare, and Social Security Taxes	January 31, 2013	January 11, 2013	\$3,823	\$3,823
State Income Tax	January 15, 2013	January 11, 2013	657	657
School District Income Tax	January 31, 2013	January 11, 2013	219	219

We noted no exceptions.

**Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2012 and ten from the year ended 2011 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, Street Construction, Maintenance, and Repair, and Sewer Funds for the years ended December 31, 2012 and 2011. The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the General and Street Construction, Maintenance and Repair Funds in 2012.

The Revenue Status Report recorded budgeted resources for the General and Street Construction, Maintenance and Repair Funds of \$103,630 and \$152,751, respectively. However, the final Amended Official Certificate of Estimated reflected \$102,623 and \$151,642.

The Clerk/Treasurer 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 2012 and 2011 to determine whether, for the General, Street Construction, Maintenance, and Repair, 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.

### **Compliance – Budgetary (Continued)**

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 2012 and 2011 for the following funds: General, Street Construction, Maintenance, and Repair, and Sewer Funds. We found no exceptions.
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, Street Construction, Maintenance, and Repair, and Sewer Funds for the years ended December 31, 2012 and 2011.

We noted that General Fund appropriations for 2012 exceeded certified resources by \$327, contrary to Ohio Rev. Code Section 5705.39. Council should not pass appropriations exceeding certified resources. Allowing this could cause the Village to incur fund balance deficits.

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, 2012 and 2011 for the General, Street Construction, Maintenance, and Repair, and Sewer Funds, 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, 2012 and 2011. 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 2012 and 2011 Revenue Status and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. No interfund transfers were noted.
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.

### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2012 and 2011 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, 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 style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 6, 2013





# Dave Yost • Auditor of State

VILLAGE OF HANOVER

LICKING 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  
SEPTEMBER 10, 2013