

**VILLAGE OF SCIO  
HARRISON COUNTY**

**AGREED UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd., Building G  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Village Council  
Village of Scio  
P.O. Box 307  
Scio, Ohio 43988

We have reviewed the *Independent Accounts' Report on Applying Agreed-Upon Procedures* of the Village of Scio, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the period January 1, 2015 through December 31, 2016. 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 Scio is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 26, 2017

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**WILSON, PHILLIPS, & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD., BUILDING G  
ZANESVILLE, OHIO 43701**

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

Village of Scio  
P.O. Box 307  
Scio, Ohio 43988

We have performed the procedures enumerated below, with which the Village Council, Mayor and the management of Village of Scio, Harrison County, Ohio (the Village) and the Auditor of State 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, 2016 and 2015, 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.

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 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 Fund Ledger Report to the December 31, 2014 balances in the prior audit documentation. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of December 31, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 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, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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, to determine the debits were dated prior to December 31. We found no exceptions.
6. We traced interbank account transfers occurring in December of 2016 and 2015 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.

7. We inspected investments held at December 31, 2016 and December 31, 2015 to determine that they:
  - a. Were of a type authorized 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 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 Pay In Summary Journal Report. The amounts agreed.
  - b. We inspected the Pay In Summary Journal Report to confirm whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Pay In Summary Journal Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Pay In Summary Journal Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Pay In Summary Journal Report 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 Pay In Summary Journal Report. The amounts agreed.
  - b. We inspected the Pay In Summary Journal Report to determine whether that these receipts were allocated to the proper fund(s). We found no exceptions
  - c. We inspected the Pay In Summary Journal Report to determine 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, 2016 and 2015 to the Village's funds according to the allocation requirements of Ordinance No. 90-785. The allocation agreed with the percentages the Ordinance requires.
2. We haphazardly selected five income tax returns filed during 2016 and five from 2015.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the bank deposit slip. The amounts agreed
  - b. We compared the bank deposit slip total from step a. to the amount recorded as income tax receipts in the Income Tax Payment Journal for that date. The amounts agreed.
3. We compared the date of the receipts to the date the receipts was posted in the Receipt Register Report to determine whether the receipts were recorded in the year received. We found no exceptions.
4. We haphazardly selected all three income tax refunds from 2016.
  - a. We compared the refund paid from the Check Register Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We observed the approval by the Income Tax Administrator on each of the refunds. No exceptions were found.
  - c. We observed the refunds were paid from the General Fund and the Income Tax Permanent Improvement Fund as is required.

### **Fines, Licenses and Permit Cash Receipts**

We haphazardly selected 10 Fines, Licenses, and Permit cash receipts from the year ended December 31, 2015 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Pay In Summary Journal. The amounts agreed.
- b. Confirm the amounts charged with rates in force during the period. We found no exceptions.
- c. Inspected the Pay In Summary to determine the receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.

### **Miscellaneous Cash Receipts**

We haphazardly selected 10 Miscellaneous cash receipts from the year ended December 31, 2015 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Pay In Summary Journal. The amounts agreed.
- b. Inspected the Pay In Summary to determine the receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.

### **Gas Lease Cash Receipts**

We haphazardly selected 10 Miscellaneous cash receipts from the year ended December 31, 2016 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Pay In Summary Journal. The amounts agreed.
- b. Inspected the Pay In Summary to determine the receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.

### **Water and Sewer Fund**

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2016 and 10 Water and Sewer Fund collection cash receipt from the year ended December 31, 2015 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 Utility Billing Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Utility Billing Journal. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount for 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 observed the Aged Customer Balance Report.
  - a. This report listed \$18,498 and \$15,050 of accounts receivable as of December 31, 2016 and 2015, respectively.
  - b. Of the total receivables reported in the preceding step, \$572 and \$7,272 were recorded as more than 90 days delinquent.
3. We observed the Adjustment Report.
  - a. This report listed a total of \$2,790 and \$4,267 non-cash adjustments for the year ended December 31, 2016 and 2015, respectively.
  - b. We haphazardly selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015 and observed that the Village Administrator and Water Clerk approved each adjustment.

**Debt**

1. From the prior audit documentation, we observed the following loans outstanding as of December 31, 2014. These amounts agreed to the Villages January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as Of December 31, 2014
OWDA 2107 Water Main Construction	\$ 26,699
OWDA 3822 W. Main Street Waterline	\$ 50,165
OWDA 5022 Filter System	\$ 151,930
OPWC Wastewater System Improvements	\$ 8,681

2. We inquired of management and scanned the Receipt Register Report and Payment Register Detail Report 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.
3. We obtained a summary of debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to Water and Sewer Fund payments reported in the Check 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. In 2016 and 2015 there were two new loans through the OPWC for a Sewer Improvement project and a waterline replacement. These loans were not recorded in the accounting records.
5. In 2016 and 2015 there were two new loans through the OPWC for a Sewer Improvement project and a waterline replacement. New projects were noted but not recorded in accounting records.

**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 Payroll Summary Journal and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Summary Journal to supporting documentation (timecard, legislatively or statutorily approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted were reasonable based on the employee's duties as documented in the minute record, timesheets or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share, where applicable during the final withholding period during 2016. We noted the following:

Withholding (plus employer share Where applicable)	Due Date	Date Paid	Amount W/H	Amount
Federal Income Taxes	January 31, 2017	December 21, 2016	\$ 3,044.81	\$ 3,044.81
State Income Taxes	January 31, 2017	January 19, 2017	785.11	785.11
Village of Scio income tax	January 31, 2017	January 20, 2017	433.09	433.09
OPERS Retirement	January 31, 2017	January 12, 2017	3,188.82	3,188.82



### Non-payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Check Register Report for the year ended December 31, 2016 and ten from the year ended December 31, 2015 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 image agreed to the check number, date, payee name and amount recorded in the Check Register Report and to the names and amounts on the supporting invoices. We noted 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 two instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### 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 Number for the General Fund, Street Fund, and the Water Operating Fund for the years ended December 31, 2016 and 2015. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the General Fund of \$106,061 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$227,958. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Street Fund of \$28,106 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$29,148. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Water Operating Fund of \$156,500 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$173,160. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the General Fund of \$219,283 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$388,486. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Street Fund of \$27,500 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$27,406. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Water Operating Fund of \$230,070 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$159,295. The fiscal officer should periodically compare amounts recorded in the Revenue Statement by Account Number 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 Fund, Street Fund and the Water Operating 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 Section 5705.38 and 5705.40, to the amounts recorded in the Expense Statement by Account Number for 2016 and 2015 for the following funds: General Fund, Street Fund and the Water Operating Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Statement by Account Number.

4. Ohio Rev. Code Section 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 Fund, Street Fund and the Water Operating Fund for the years ended December 31, 2016 and 2015. We observed that the Water Operating Fund appropriations for 2016 exceeded certified resources by \$48,249, contrary to Ohio Rev. Code Section 5705.39. The Council should not pass appropriations exceeding certified resources. Allowing this to occur 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, 2016 and 2015 for the General Fund, Street Fund and the Water Operating Fund, as recorded in the Expense Statement by Account Number. 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 Pay In Summary Journal 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 noted no evidence of new restricted receipts for which Ohio Revised Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, inspect 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 included on the accounting records.
8. We inspected the 2016 and 2015 Revenue Statement by Account Number and Expense Statement by Account Number for evidence of interfund transfers exceeding \$10,000 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 Expense Statement by Account Number 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.
10. We inspected the Cash Summary by Fund Report 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 a negative cash fund balances.

#### **Compliance – Contracts and Expenditures**

We inquired of management and inspected the Check Register Report 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 estimates). We identified no projects requiring completion of the force account assessment form.

### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system, within 60 days after the close of the fiscal year. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle System. There were no exceptions.
2. We inquired of the fiscal officer and/or inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Revised Code Section 507.12 and 7333.81. The training requirement has not yet been met per the Fiscal Integrity Act Portal.

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 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 for the use of The Village to assist in evaluating its 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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 9, 2017

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# Dave Yost • Auditor of State

VILLAGE OF SCIO

HARRISON 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  
AUGUST 8, 2017