

**VILLAGE OF SCIO  
HARRISON COUNTY**

**AGREED UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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



# OHIO AUDITOR OF STATE KEITH FABER



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, 2017 through December 31, 2018. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

May 7, 2019

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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, 2018 and 2017, 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, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 balances in the prior Agreed Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 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, 2018 and 2017 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 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 2018 and 2017 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, 2018 and December 31, 2017 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 2018 and one from 2017.
  - 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 2018 and 2017. 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 2018 and five from 2017. We also haphazardly selected five receipts from the County Auditor's DTLs from 2018 and five from 2017.
  - 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, 2018 and 2017 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 2018 and five from 2017.
  - 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 2018.
  - 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.

### **Gas Lease Cash Receipts**

We haphazardly selected 10 Miscellaneous cash receipts from the year ended December 31, 2018 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, 2018 and 10 Water and Sewer Fund collection cash receipt from the year ended December 31, 2017 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 \$17,340 and \$13,354 of accounts receivable as of December 31, 2018 and 2017, respectively.
  - b. Of the total receivables reported in the preceding step, \$141 and \$976 were recorded as more than 90 days delinquent.
3. We observed the Adjustment Report.
  - a. This report listed a total of \$17,168 and \$12,403 non-cash adjustments for the year ended December 31, 2018 and 2017, respectively.
  - b. We haphazardly selected five non-cash adjustments from 2018 and five non-cash adjustments from 2017 and observed that the Village Administrator and Water Clerk approved each adjustment.

**Debt**

1. From the prior Agreed Upon Procedures documentation, we observed the following loans outstanding as of December 31, 2016. These amounts agreed to the Villages January 1, 2017 balances on the summary we used in step 3.

Issue	Principal outstanding as Of December 31, 2016
OWDA 2107 Water Main Construction	\$ 20,200
OWDA 3822 W. Main Street Waterline	\$ 39,113
OWDA 5022 Filter System	\$ 139,528
OPWC Wastewater System Improvements	\$ 5,209
OPWC Sewer Improvement	\$ 38,250

2. We inquired of management and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2018 and 2017 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 2018 and 2017 there were two new loans, a OPWC waterline Replacement and a OWDA Asset M Management Planning loan.. These loans were not recorded in the accounting records.
5. In 2018 and 2017 there were two new loans, a OPWC waterline Replacement and a OWDA Asset M Management Planning loan.. These projects were not recorded in the accounting records.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 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, 2018 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 2018. We noted the following:

Withholding (plus employer share Where applicable)	Due Date	Date Paid	Amount W/H	Amount
Federal Income Taxes	January 31, 2019	December 21, 2018	\$ 3,149.95	\$ 3,149.95
State Income Taxes	January 31, 2019	December 18, 2018	395.87	395.87
Village of Scio income tax	January 31, 2019	January 14, 2019	545.52	545.52
OPERS Retirement	January 31, 2019	January 24, 2019	3,813.60	3,813.60



### **Non-payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Check Register Report for the year ended December 31, 2018 and ten from the year ended December 31, 2017 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 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 Number for the General Fund, Street Fund, and the Water Operating Fund for the years ended December 31, 2018 and 2017. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the General Fund of \$296,745 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$321,885. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Street Fund of \$24,000 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$28,190. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Water Operating Fund of \$150,100 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$159,295. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the General Fund of \$261,161 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$170,000. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Street Fund of \$26,200 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$25,899. The Revenue Statement by Account Number recorded budgeted (i.e. certified) resources for the Water Operating Fund of \$515,860 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$505,920. 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 2018 and 2017 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 2018 and 2017 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, 2018 and 2017. We observed that the Water Operating Fund appropriations for 2018 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, 2018 and 2017 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, 2018 and 2017. 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 2018 and 2017 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, 2018 and 2017 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, 2018 and 2017 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 2018-007, within the allotted timeframe for the years ended December 31, 2018 and 2017 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 for the current term.

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, 2018 and 2017, 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  
March 5, 2019

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
MAY 21, 2019**