



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of St. Henry
Mercer County
P.O. Box 410
St. Henry, Ohio 45883

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of St. Henry (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the year ended December 31, 2018 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 year ended December 31, 2018 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, 2018 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2017 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 fund cash balances reported in the Cash Summary by Fund Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) 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. There were no exceptions.

Property Taxes and Intergovernmental Revenue

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper fund as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2018. The Receipt Detail Report included the proper number of tax receipts for the year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction List (DTL) from 2018. We also selected a sample (agreed upon) of five receipts from the County Auditor's Audit Trail by Vendor Report from 2018.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected a sample (agreed upon) of five income tax returns filed during 2018.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the cash register tape. The amounts agreed.
 - b. We compared the cash register tape total from procedure a. to the amount recorded as income tax receipts in the Receipt Detail Report for that date. The amounts agreed.
2. We compared the date of the receipts to the date the receipts was posted in the Receipt Detail Report to determine whether the receipts were recorded in the year received. We found no exceptions.
3. We selected a sample (agreed upon) of five income tax refunds from 2018.
 - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We observed the approval by the Fiscal Officer on each of the refunds. No exceptions were found.
 - c. We observed the refunds were paid from the General Fund, as is required.

Water and Sewer Fund

1. We selected a sample (agreed upon) of 10 Water, Sewer, Water Improvement, and Wastewater Improvement funds collection cash receipts from the year ended December 31, 2018 recorded in the Receipt Detail 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 Billing Journal. The amounts agreed.
 - b. Amount charged for the related billing period:

- i. Agreed with the debit to accounts receivable in the Billing Journal for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount 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 Detail Report – By Account #.
 - a. This report listed \$3,953 of accounts receivable as of December 31, 2018.
 - b. Of the total receivables reported in the preceding procedure, \$624 were recorded as more than 90 days delinquent.
 3. We observed the Daily Cash Receipts Journal.
 - a. This report listed a total of \$1,532 non-cash receipts adjustments for the year ended December 31, 2018.
 - b. We selected a sample (agreed upon) of five non-cash adjustments from 2018, and observed that the Fiscal Officer or Village Administrator approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2017. These amounts agreed to the Village's January 1, 2018 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2017:
OPWC – WWTP Loan	\$ 100,177
OPWC Loan – Parkview & Willow St.	\$ 389,856
St. Henry Bank – Reier Property Loan	\$ 678,361
Total	\$1,168,394

2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2018 or debt payment activity during 2018. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2018 and agreed principal and interest payments from the related debt amortization schedules to the Water Improvement, the Wastewater Improvement and the General Funds debt service payments 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.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard and board approved salary). We found no exceptions.
 - b. 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. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 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 2018. 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 in pension system)	January 31, 2019	December 15, 2018	\$2,074.06	\$2,074.06
State income taxes	January 15, 2019	December 21, 2018	\$1,031.92	\$1,031.92
Village of X income tax	January 31, 2019	December 21, 2018	\$ 518.00	\$ 518.00
OPERS retirement	January 30, 2019	December 26, 2018	\$9,452.10	\$9,452.10
OP&F retirement	January 31, 2019	December 26, 2018	\$3,877.18	\$3,877.18

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2018 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 Water Operating funds for the year ended December 31, 2018. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) receipts for the General fund of \$1,267,139 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,280,541. The fiscal officer 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 inspected the appropriation measures adopted for 2018 to determine whether, for the General, Street Construction Maintenance and Repair, and Water Operating 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 Status Report for 2018 for the following funds: General, Street Construction Maintenance and Repair, and Water Operating funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
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 Water Operating funds for the year ended December 31, 2018. There were 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 year ended December 31, 2018 for the General, Street Construction Maintenance and Repair, and Water Operating funds, as recorded in the Appropriation Status Report. 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 Detail Report for evidence of new restricted receipts requiring a new fund during December 31, 2018. 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 2018 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$25,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. The Village transferred \$80,000 out of the General Fund into the Parks and Recreation Fund, which is an allowable transfer.
9. We inquired of management and inspected the Appropriation Status Reports 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 Summary by Fund Report for the year ended December 31, 2018 for negative cash fund balances. 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 Payment Register Detail Report for the year ended December 31, 2018 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

1. 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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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, 2018 in the Hinkle system. There were no exceptions.

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 year ended December 31, 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 1, 2019

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ST. HENRY

MERCER 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 23, 2019**