

VILLAGE OF MENDON
MERCER COUNTY, OHIO

Agreed-Upon Procedures

**For the Years Ended
December 31, 2019 and 2018**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Mendon
102 South Main Street P.O. Box 167
Mendon, Ohio 45862

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Mendon, Mercer County, prepared by Julian & Grube, Inc., for the period January 1, 2018 through December 31, 2019. 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 Mendon is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

July 14, 2020

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Village of Mendon
Mercer County
102 South Main Street P.O. Box 167
Mendon, Ohio 45862

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Mendon (the Village) and the Auditor of State on the receipts, disbursements and balances recorded in the Villages cash basis accounting records for the years ended December 31, 2019 and 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 years ended December 31, 2019 and 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 and Investments

1. We recalculated the December 31, 2019 and December 31, 2018 bank reconciliations. 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. We also agreed the January 1, 2019 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2018 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 and 2018 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. 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, 2019 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2019 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.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2019 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the receipt register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

7. We inspected investments held at December 31, 2019 and December 31, 2018 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 total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the Mercer County Auditor Payments Report for 2019 and a total of five from 2018:
 - a. We compared the amount from the above named reports to the amount recorded in the Revenue Ledger Report. In 2019, a property tax receipt was understated by \$1,221 in the General Fund. The Village recorded the receipt at net of fees rather than gross. In 2018, a property tax receipt was understated by \$1,465 in the General Fund. The Village recorded the receipt at net of fees rather than gross.
 - b. We inspected the Revenue Ledger Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Ledger Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Revenue Ledger Report included the proper number of tax receipts for each year.
3. We confirmed the total amount paid on behalf of the Village from the Ohio Public Works Commission (OPWC) during 2019 and 2018 with the OPWC website. We found grant proceeds paid on behalf of the Village during 2019 in the amount of \$397,313 and in 2018 in the amount of \$28,500 were not recorded.
 - a. We inspected the Revenue Ledger Report to determine whether these receipts were allocated to the proper fund. We found amounts paid on behalf during 2019 in the amount of \$397,313 and 2018 in the amount of \$28,500 were not reported.
 - b. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found amounts paid on behalf during 2019 in the amount of \$397,313 and 2018 in the amount of \$28,500 were not reported.

Water, Sewer, & Electric Funds

1. We selected 10 Water Operating & Maint., Sewer Operating & Maint., Electric, Water Debt Service, Sewer Replacement, and Water Replacement Funds collection cash receipts from the year ended December 31, 2019 and 10 Water Operating & Maint., Sewer Operating & Maint., Electric, Water Debt Service, Sewer Replacement, and Water Replacement Funds collection cash receipts from the year ended 2018 recorded in the Revenue Ledger Report and determined whether the:
 - a. Receipt amount per the Revenue Ledger Report agreed to the amount recorded to the credit of the customer's account in the Daily Cash Receipts Journal Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Daily Cash Receipts Journal Report 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. 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 Customer Delinquent Report.
 - a. This report listed \$22,154 and \$14,723 of accounts receivable as of December 30, 2019 and December 31, 2018, respectively.
 - b. Of the total receivables reported in the preceding procedure, none were recorded as more than 90 days delinquent.
3. We observed the Daily Cash Receipt Journal Report.
 - a. This report listed a total of (\$2,089) and (\$860) non-cash receipts adjustments for the years ended December 31, 2019 and 2018, respectively.
 - b. We selected five non-cash adjustments from 2019 and five non-cash adjustments from 2018, and observed that the President of the Board of Public Affairs approved each Monthly Deposit Report with adjustments included.

Debt

1. From the prior audit documentation, we observed the following loan was outstanding as of December 31, 2017. This amount agreed to the Villages January 1, 2018 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2017:
OPWC Loan CT360 – Waterline Replacement	\$509,995

2. We inquired of management, and inspected the Receipt Ledger Report and Payment Register Detail Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. All debt agreed to the summary we used in procedure 3, except for 2019 where the ending balance was overstated by \$33,998 and 2018 where the ending balance was understated by \$16,999. There were no new debt issuances during 2019 or 2018.
3. We obtained a summary of the loan debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedule to Water Debt Service fund 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 2019 and one payroll check for five employees from 2018 from the Wages and Overtime Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wages and Overtime Detail Report 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 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, 2019 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 2019. 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, 2020	January 13, 2020	\$2,230	\$2,230
State income taxes	January 31, 2020	January 13, 2020	\$461	\$461
OPERS retirement	January 31, 2020	January 13, 2020	\$3,270	\$3,270
Ohio School District income tax	January 31, 2020	January 13, 2020	\$168	\$168

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2019 and 10 from the year ended 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. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General, Street and Electric fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected the 2019 and 2018 Revenue Ledger Report and Appropriation Status Report for evidence of interfund transfers exceeding \$0 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2019 and 2018 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 negative cash fund balances.

Sunshine Law Compliance

1. We obtained and inspected the Village's Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We selected all public records requests from the engagement period and inspected each request to determine the Village was compliant and responded to the request in accordance with their adopted policy. We found no exceptions.
3. We inquired with Village management and determined that the Village did not have any denied public records requests during the engagement period.
4. We inquired with Village management and determined that the Village did not have any public records requests with redactions during the engagement period.
5. We inquired whether the Village has a records retention schedule, and observed that it is readily available to the public. We found no exceptions.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.
7. We inspected the Village's policy manual and determined the public records policy was included. We found no exceptions.
8. We observed the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village. We found no exceptions.
9. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inspected individual training certificates and determined whether each elected official (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office. We found no exceptions.
11. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public of when and where meetings during the engagement period are to be held. We found no exceptions.
12. We inspected the minutes of public meetings during the engagement period and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting.
 - b. Filed – placed with similar documents in an organized manner.
 - c. Maintained - retained, at a minimum, for the engagement period.
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.

13. We inspected the minutes from the engagement period and determined the following:
- a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.
- We found no exceptions.

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 years ended December 31, 2019 and 2018 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - a. We inspected the established policy obtained above and determined it is:
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.

We found no exceptions.
 - b. We selected 1 credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.

We found no exceptions.
 - c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.

We found 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 years ended December 31, 2019 and 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 10, 2020

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OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF MENDON

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 28, 2020**