



Dave Yost • Auditor of State





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

Village of Windham  
Portage County  
Windham, Ohio 44266

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Windham Village (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 year ended December 31, 2012, including mayor's court receipts, disbursements and balances, 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 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of the December 31, 2012 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Village's financial institution. We found no exceptions.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statements. 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 noted no exceptions.
6. We tested interbank account transfers occurring in December of 2012 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

### **Cash – (Continued)**

7. We tested investments held at December 31, 2012 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 property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2012. We noted the Receipts Register Report included the proper number of tax receipts for the year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012. We also selected five receipts from the County Auditor's Vendor Invoice List from 2012.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) to the Village during 2012 with the OPWC. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Income Tax Receipts**

1. We selected five income tax returns filed during 2012.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the triplicate receipt, SSI Income Tax Program, batch and the specific day's bank deposit. The amounts agreed.
  - b. We compared the SSI Batch amount total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.

### **Income Tax Receipts – (Continued)**

2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2012.
  - 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 noted each of the refunds were approved by the Income Tax Administrator.
  - c. We noted the refunds were paid from the General Fund/Tax Refunds/Deposits Refunded, as is required.

### **Water Operating Fund and Sewer Operating Fund Charges for Services**

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 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 Utility Billing Transaction History Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Utility Billing Transaction History 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, 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 read the Utility Billing Aged Trial Balance Report.
  - a. We noted this report listed \$253,879.08 of accounts receivable as of December 31, 2012.
  - b. Of the total receivables reported in the preceding step, \$292,462.62 was recorded as more than 90 days delinquent. In discussions with the Utility Billing Clerk when applying receipts to the individual accounts the receipt does not apply properly all the time. In reviewing the Aged Trial Balance we noted that the "Over 30 Days" reflects a negative (\$66,173.08). The Utility Billing Clerk said that she believes that the accounts that are negative or have negative balances may be causing the problem or the imbalance.
3. We read the Utility Billing Adjustment Journal.
  - a. We noted this report listed a total of \$65,485.87 non-cash receipts adjustments for the year ended December 31, 2012.
  - b. We selected five non-cash adjustments from 2012, and noted that the Village Administrator approved each adjustment.

**Debt**

1. From the prior audit documentation, we noted the following bonds outstanding as of December 31, 2011. These amounts agreed to the Villages January 1, 2012 balances on the summary we used in step 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2011:</b>
United States Department of Agriculture Bonds	\$ 1,311,800

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2012 or debt payment activity during 2012. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded and note debt activity for 2012 and agreed principal and interest payments from the related debt amortization schedules to the Water debt service fund and Sewer 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.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2012:</b>
United States Department of Agriculture Bonds	\$ 1,311,800
Kansas State Bank Loan	152,641

4. For new debt issued during 2012, we inspected the debt legislation, noting the Village did not receive any proceeds to purchase Water Meters. We scanned the Payment Register Detail Report and noted the Village did make monthly payments beginning in February 2012 to the Kansas State Bank. The Kansas State Bank made payments directly to Utility Sales Agency, LLC, who installed the Water Meters for the Village during 2012. The loan from Kansas State Bank originates from the purchase and installation of water meters during 2012.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2012 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record and Payroll Ordinance. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:

- a. Name
- b. Authorized salary or pay rate
- c. Department(s) and fund(s) to which the check should be charged
- d. Retirement system participation and payroll withholding
- e. Federal, State & Local income tax withholding authorization and withholding
- f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. 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:

<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 taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2013	January 4, 2013	\$3,178.68	\$3,178.68
State income taxes	January 15, 2013	December 28, 2012	1,255.68	1,255.68
Village of Windham income taxes	January 31, 2013	December 31, 2012	868.73	868.73
OPERS retirement	January 30, 2013	January 30, 2013	16,003.08	16,003.08
OP&F retirement	January 31, 2013	December 28, 2012	6,192.10	6,192.10

### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2012 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 one instance where disbursements requiring certification where the certification date was after the vendor invoice date, and the *Then and Now Certificate* issued did not reflect the date when the purchases began. 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 test 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 Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General Fund, Street Construction Maintenance & Repair Fund and Permanent Improvement Fund for the year ended December 31, 2012. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 to determine whether, for the General Fund, Street Construction Maintenance & Repair Fund and Permanent Improvement 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 Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2012 for the following funds: the General Fund, Street Construction Maintenance & Repair Fund and Permanent Improvement Fund. 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 Fund, Street Construction Maintenance & Repair Fund and Permanent Improvement Fund for the year ended December 31, 2012. We noted 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, 2012 for the General Fund, Street Construction Maintenance & Repair Fund and Permanent Improvement Fund, 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. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Capital Improvement Fund during 2012 to segregate an Ohio Public Works Grant (OPWC) receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210.
7. We scanned the 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$900 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.
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 year ended December 31, 2012 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 "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 3, 2013

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# Dave Yost • Auditor of State

**VILLAGE OF WINDHAM**

**PORTAGE 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 24, 2013**