

***VILLAGE OF GAMBIER***

***KNOX COUNTY, OHIO***

**AGREED UPON PROCEDURES**

**For the Years Ended December 31, 2012 and 2011**







# Dave Yost • Auditor of State

Village Council  
Village of Gambier  
115 Meadow Lane  
Gambier, Ohio 43022

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Gambier, Knox County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2011 through December 31, 2012. 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 Gambier is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 18, 2013

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VILLAGE OF GAMBIER  
KNOX COUNTY  
Audit Report  
For the Years Ended December 31, 2012 and 2011

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Village of Gambier  
Knox County  
115 Meadow Lane  
Gambier, Ohio 43022

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Gambier (the Village) and the Auditor of State have 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, 2012 and 2011, 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 and Investments**

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2011 balances in the Fund Cash Balance Statement. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Fund Cash Balance Statements. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
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 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 noted no exceptions.

6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2012 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 Revenue Statement. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2012 and 2011 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
8. We tested investments held at December 31, 2012 and December 31, 2011 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 reviewed the Revenue Statement for 2011 and 2012 and inquired of the Village Administrator and Fiscal Officer whether the Village receives property taxes. We noted the Village did not receive property taxes for either year.
2. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's Detail Expense Transactions Report from 2012 and five from 2011.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Statement. 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.

#### **Income Tax Receipts**

1. We selected five income tax returns filed during 2012 and five from 2011.
  - 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 Revenue Statement for that date. The amounts agreed.
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 and five from 2011.
  - a. We compared the refund paid from Expense Statement 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, as is required.

**Water and Sewer Fund**

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 and 10 Water and Sewer Fund collection cash receipts from the year ended 2011 recorded in the Revenue Statement and determined whether the:
  - a. Receipt amount per the Revenue Statement agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer 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 were unable to obtain the Aged Accounts Trial Balance Report. Per discussion with the Village Administrator, the Fiscal Officer and the computer software company, these reports have to be printed as of year-end and cannot be obtained after those dates. We noted the Village has a backup system but cannot retrieve the information from the backups. Without current accounts receivable information, the Village lacks reliable information on overdue amounts, systems-derived documentation on noncash adjustments and approval of noncash adjustments, and information upon which to judge whether the Village should write off or follow up on uncollectible amounts.
  
3. We read the Cash Receipts Journal Non-Cash Adjustments Report.
  - a. We noted this report listed a total of \$9,816 and \$2,770 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
  - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the Village Administrator verbally approved each adjustment. However, we noted that the Village did not obtain written approval for each non-cash adjustment.

**Debt**

1. From the prior audit documentation, we noted the following bonds, notes and loans outstanding as of December 31, 2010. These amounts agreed to the Village's January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
Mortgage Revenue Bonds 2201	\$206,000
Mortgage Revenue Bonds 2202	61,000
OPWC Loan #CQ926	62,010
OPWC Loan #CQ29A	47,684
OPWC Loan #CQ04F	70,486
OPWC Loan #CQ33G	17,500
OWDA Loan #2269	1,027,321

2. We inquired of management, and scanned the Revenue Statement and Expense for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3. We noted no new debt issued in either year.



3. We obtained a summary of bonded and note debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to water and sewer funds payments reported in the Expense Statement. 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 haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Ledger and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger 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 records. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. 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	December 28, 2012	\$1,893.80	\$1,893.80
State income taxes	January 15, 2013	January 2, 2013	\$837.58	\$837.58
Village of Gambier income taxes	January 15, 2013	January 2, 2013	\$372.69	\$372.69
Village of Mt. Vernon income taxes	January 15, 2013	January 2, 2013	\$69.50	\$69.50
OPERS retirement	January 30, 2013	January 2, 2013	\$5,843.13	\$5,843.13

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Expense Statement for the year ended December 31, 2012 and ten from the year ended December 31, 2011 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 Expense Statement 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 six 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 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 Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Summary Report for the General, Street Maintenance and Motor Vehicle License Tax funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Street Maintenance and Motor Vehicle License Tax 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 Expense Summary Report for 2012 and 2011 for the following funds: General, Street Maintenance and Motor Vehicle License Tax. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Summary 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 Maintenance and Motor Vehicle License Tax funds for the years ended December 31, 2012 and 2011. 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 years ended December 31, 2012 and 2011 for the General, Street Maintenance and Motor Vehicle License Tax funds, as recorded in the Expense Summary 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 Revenue Statement for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2012 and 2011 Revenue Summary Reports and Expense Summary Reports for evidence of interfund transfers exceeding \$10 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.

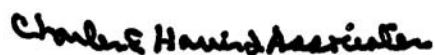
8. We inquired of management and scanned the Expense Summary Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

#### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Expense Statement for the years ended December 31, 2012 and 2011 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 the Auditor of State, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



**Charles E. Harris & Associates, Inc.**  
July 11, 2013

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# Dave Yost • Auditor of State

**VILLAGE OF GAMBIER**

**KNOX 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  
OCTOBER 1, 2013**