

VILLAGE OF SHAWNEE

PERRY COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 31, 2013 and 2012





Dave Yost • Auditor of State

Village Council
Village of Shawnee
PO Box 15
Shawnee, Ohio 43782

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Shawnee, Perry County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2012 through December 31, 2013. 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 Shawnee is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

July 21, 2014

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VILLAGE OF SHAWNEE
PERRY COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2013 and 2012

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

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Shawnee
Perry County
PO Box 15
Shawnee, Ohio 43782

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Shawnee, Perry County, Ohio (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, 2013 and 2012, 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, 2013 and December 31, 2012 bank reconciliations. We determined that the bank balance of a certificate of deposit on the reconciliation was not correct for 2013 and 2012 because interest earned upon maturity was not included in the balance. Accordingly, the December 31, 2013 and 2012 both the bank and book balances were understated by \$1,931 and \$1,891, respectively.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2011 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2012 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, 2013 and 2012 fund cash balances reported in the Cash Summary by Fund Reports. The amounts agreed.
4. We confirmed the December 31, 2013 bank account balances with the Village's financial institution. We determined that the bank balance appearing in the December 31, 2013 bank reconciliation was understated by \$1,931 because interest earned upon maturity of a certificate of deposit was not included in the bank balance.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 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 two reconciling credits (such as deposits in transit) haphazardly from the December 31, 2013 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 Cash Journal. Each credit were recorded as a December receipt for the same amount recorded in the reconciliation.

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 2013 and one from 2012:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds 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 Revenue Ledger to determine whether it included two real estate tax receipts for 2013 and 2012. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the County Auditor's DTLs from 2013 and five from 2012.
 - a. We compared the amount from the above report to the amount recorded in the Revenue Ledger. 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.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2013 and 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 recorded in the Customer Payment Report and determined whether the:
 - a. Receipt amount per the Customer Payment Report agreed to the amount recorded to the credit of the customer's account in the Transaction Detail Ledger. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Transaction Detail Ledger 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 Billing Summary Report.
 - a. We noted this report listed \$72,714 and \$ 58,447 of accounts receivable as of December 31, 2013 and 2012, respectively.
 - b. We could not verify the amount of delinquent accounts receivable for either year.
3. We read the Billing Summary Report.
 - a. We noted this report listed a total of \$55 and \$417 non-cash receipts adjustments for the years ended December 31, 2013 and 2012, respectively.
 - b. We selected five non-cash adjustments from 2013 and five non-cash adjustments from 2012, and noted that the Village Council approved each adjustment.

Debt

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

Issue	Principal outstanding as of December 31, 2011:
OPWC CT451	\$ 33,800
OWDA #4355	58,249
OWDA #5271	71,471
OWDA #5847	55,326
USDA	1,079,000

2. We inquired of management, and scanned the Revenue Ledger and Cash Journal for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. We noted no new debt.
3. We obtained a summary of bonded debt and other loan activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedules to General, Water, Sewer and Enterprise Debt Service fund payments reported in the Cash Journal. 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 2013 from the Wage Earnings Detail report and one payroll check for five employees from 2012 from the Payroll Register – Detail report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Earning Detail 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' personnel files. 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, 2013 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 2013. We noted 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, 2014	December 31, 2013	\$ 1,387.32	\$ 1,387.32
State income taxes	January 15, 2014	December 31, 2013	\$ 376.78	\$ 376.78
OPERS retirement	January 31, 2014	December 31, 2013	\$ 1,538.18	\$ 1,538.18

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2013 and ten from 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 Cash Journal 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 *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, Water and Sewer funds for the years ended December 31, 2013 and 2012. The amounts on the Revenue Status Report for the General, Water and Sewer funds were \$118,900, \$130,000 and \$141,900 for 2013. However, the amounts on the *Certificate* were \$67,406, \$115,000 and \$131,500, respectively. The amounts on the Revenue Status Report for the General, Water and Sewer funds were \$168,900, \$125,000 and \$131,900 in 2012. However, the amounts on the *Certificate* were \$67,406, \$115,000 and \$131,500, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Certificate of Estimate 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 scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Water and Sewer 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. However, we noted the Village did not certify its appropriations to the County Auditors for 2013 and 2012.
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 2013 and 2012 for the following funds: General, Water and Sewer funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report for the General and Water funds for 2013. However, the amount recorded on the appropriation resolution for the Sewer fund was \$164,221. The amount recorded on the Appropriation Status Report was \$165,421. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report for the General, Water and Sewer funds for 2012.
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, Water and Sewer funds for the years ended December 31, 2013 and 2012. Appropriations exceeded certified resources in the General fund by \$34,991 in 2013. Appropriations exceeded certified resources in the General, Water and Sewer funds by \$89,434, \$40,009 and \$9,158 in 2012, 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, 2013 and 2012 for the General, Water and Sewer fund, as recorded in the Appropriation Resolutions. 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 Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. 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 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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.
8. We inquired of management and scanned the Appropriation Status Report 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.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2013 and 2012 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Cash Journal for the years ended December 31, 2013 and 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, 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.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris & Associates, Inc.
June 27, 2014

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Dave Yost • Auditor of State

VILLAGE OF SHAWNEE

PERRY 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 31, 2014**