



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Osgood
Darke County
P.O. Box 177
Osgood, Ohio 45351

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Osgood (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 years ended December 31, 2014 and 2013, 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, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Cash Journal to the December 31, 2012 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Cash Journal to the December 31, 2013 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2014 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, 2014 bank reconciliation without exception.
5. We selected the one reconciling debit (such as outstanding checks) from the December 31, 2014 bank reconciliation:
 - a. We found that the debit was still outstanding as of February 2015.
 - 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.

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 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Cash Journal. 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 Cash Journal to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Cash Journal included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the Darke County Auditor's Distribution Report from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Cash Journal. 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

We obtained the December 31, 2014 and 2013 Report of the Department of Taxation submitted by the City of St Marys, the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's manual Receipts Ledger. The amounts agreed.

Sewer Fund

We obtained the December 31, 2014 and 2013 Summary of Account Village of Osgood Sewer District report submitted by Darke County, the agency responsible for collecting sewer receipts on behalf of the Village. We agreed the total gross sewer receipts per year, per fund, to the Village's manual Receipt Ledger without exception.

Debt

1. From the prior audit documentation, we noted the following loan outstanding as of December 31, 2012. This amount agreed to the Villages January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
OWDA Loan	\$793,139

Debt (Continued)

2. We inquired of management, and scanned the manual Cash Journal for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3. We noted no new debt issuances during 2014 or 2013.
3. We obtained a summary of loan activity for 2014 and 2013 and agreed principal payments from the related debt amortization schedules to sewer fund payments reported in the Cash Journal – Sewer Fund. We also compared the date the sewer loan 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 2014 and one payroll check for five employees from 2013 from the manual Payroll Journal and:
 - a. We compared the hours and pay rate, or salary recorded in the manual Payroll Journal to supporting documentation (legislatively-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the manual Payroll and Cash Journal. We found no exceptions.
 - c. 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 minutes. 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, 2014 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 2014. 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, 2015	December 3, 2014	\$1,004.11	\$1,004.11
Village of Osgood income taxes	January 31, 2015	December 3, 2014	\$76.40	\$76.40
OPERS retirement	January 30, 2015	December 3, 2014	\$216.00	\$216.00

Non-Payroll Cash Disbursements

1. From the manual Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for security of persons and property, and checks recorded as transportation expenditures in the Street Construction, Maintenance and Repair fund for 2014. We found no exceptions.
2. We haphazardly selected ten disbursements from the manual Appropriation Ledger for the year ended December 31, 2014 and ten from the year ended 2013 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 Appropriation Ledger 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 manual receipts ledgers for the General, State Highway and Sewer funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system for those funds in 2014 or 2013. The manual Receipts Ledger recorded budgeted (i.e. certified) resources for the General, State Highway and Sewer Funds of \$117,315, \$1,728 and \$111,518 respectively for 2014. However the final *Amended Official Certificate of Estimated Resources* reflected \$94,300, \$1,600 and \$96,625 respectively. The manual Receipts Ledger recorded budgeted (i.e. certified) resources for the General, State Highway and Sewer Funds of \$119,482, \$1,716 and \$65,678 respectively for 2013. However the final *Amended Official Certificate of Estimated Resources* reflected \$96,220, \$1,600 and \$100,000 respectively. The fiscal officer should periodically compare amounts recorded in the manual receipts ledger to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Village Council may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, State Highway 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.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the manual Appropriation Ledger for 2014 and 2013 for the following funds: General, State Highway and Sewer Funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the manual Appropriation Ledger report for the General, State Highway and Sewer funds in 2014 and 2013. The fiscal officer should periodically compare amounts recorded in the manual Appropriation Ledger to amounts recorded on the Appropriation measures to assure they agree. If the amounts do not agree, the Village Council may be using inaccurate information for budgeting and monitoring purposes.

Compliance – Budgetary (Continued)

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, State Highway and Sewer funds for the years ended December 31, 2014 and 2013. 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, 2014 and 2013 for the General, State Highway and Sewer funds, as recorded in the manual Appropriation Ledgers. 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 manual Receipts Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. 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 2014 and 2013 manual Receipts Ledgers and Appropriation Ledgers for evidence of interfund transfers exceeding \$1,000 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 manual appropriation ledgers 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 manual Cash Journal for the years ended December 31, 2014 and 2013 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 manual appropriation ledger for the years ended December 31, 2014 and 2013 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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

July 14, 2015



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VILLAGE OF OSGOOD

DARKE 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 30, 2015**