



Dave Yost • Auditor of State





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

Village of Middle Point  
Van Wert County  
PO Box 191  
103 N. Adams St.  
Middle Point, Ohio 45865

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Middle Point (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 Fund Ledger Report 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 Fund Ledger Report to the December 31, 2013 balances in the Fund Ledger Report. 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 Fund Status Reports. The amounts agreed.
4. We observed the year-end bank balance on the financial institution's website. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced each debit to the subsequent January. 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 inspected the Interfund Transfer Listing Report to determine whether the Finding For Adjustment identified in the prior audit report, due from the Sewer fund, payable to the Water fund, was properly posted to the report. We found no exceptions.

#### **Intergovernmental and Other Confirmable Cash Receipts**

1. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's Appropriation History from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger 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.
2. We confirmed the amounts paid from the Ohio Public Works Commission to the Village during 2014 and 2013 with the Commission. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

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

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2014 and 10 Water and Sewer Fund collection cash receipts from the year ended 2013 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 Daily Cash Receipts Journal. 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 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. An Aged Balance Report was not printed at the end of 2014 or 2013. Due to a 2015 software update, historical data was not available to generate an Aged Balance Report. The Village should print out the Aged Balance Report at the end of each fiscal year and also monitor the accounts that are more than 90 days delinquent.

3. The Village did not have a non-cash adjustment accounts receivable report, nor did that Village officials approve each adjustment. Without a non cash adjustment accounts receivable report, the Village lacks reliable information on completeness of systems derived document on non-cash adjustments and approval of non-cash adjustment, or information upon which to judge whether the Village should write off or follow up on non-cash adjustment account receivable system. We recommend the Village acquire a non-cash adjustment system and approval all non-cash adjustments.

**Debt**

1. From the prior audit documentation, we noted the following outstanding as of December 31, 2012. These amounts agreed to the Villages January 1, 2013 balances on the summary we used in step 3 with the exception of OWDA Loan #5725. The 2013 summary reflected a beginning balance of \$23,655 which should have been stated at \$18,1262 a variance of \$5,393.

Issue	Principal outstanding as of December 31, 2012:
OWDA Loan #2803	\$237,563
OWDA Loan #4604	76,427
Ohio Public Works Commission	12,400
OWDA Loan #5725	18,262

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 and 2013 or debt payment activity during 2014 and 2013. All debt noted agreed to the summary we used in step 3
3. We obtained a summary of loan debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedule to Water Operating, Sewer Debt Retirement, and Fire 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 exception, except for the OWDA Loan #5725, for which capitalized interest in the amount of \$569 and debt proceeds in the amount of \$6,125 were not properly recorded on the Village's summary.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Water Treatment Plant and Fire Station Improvement Funds per the Receipt Register Report. The Village did not properly record \$569 in OWDA capitalized interest as debt proceeds or capital outlay within the Water Treatment Plant Fund. The net effect of this to the Water Treatment Plant Fund is zero; therefore, no fund adjustment is necessary
5. For new debt issued during 2014 and 2013, we inspected the debt legislation, noting the Village must use the proceeds to make Fire Station Improvements and Water System Planning. We scanned the Payment Register Detail Report and noted the Village made Fire Station improvements in the amount of \$108 and therefore has an unspent balance of \$299,892. We scanned the Payment Register Detail Report and noted that the Village made water system planning expenditures in 2013.

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report 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 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. 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 Status Report for the General, Fire and Sewer Operating Funds for the years ended December 31, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Fire and Sewer Operating 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 Appropriation Status Report for 2014 and 2013 for the following funds: General, Fire and Sewer Operating Funds. 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, Fire and Sewer Operating 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, Fire and Sewer Operating Funds, 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, 2014 and 2013. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Fire Station Improvements Fund during 2014 to segregate State Fire Marshal's Small Government Fire Department Services Revolving Loan Program receipts and disbursements, in compliance with Section 5705.09
7. We scanned the 2014 and 2013 Interfund Transfer Listing Report 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 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.

9. We scanned the Cash Summary by Fund Report 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 Payment Register Detail Report 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 29, 2015

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# Dave Yost • Auditor of State

**VILLAGE OF MIDDLE POINT**

**VAN WERT 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  
MAY 19, 2015**