

VILLAGE OF JUNCTION CITY

PERRY COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 31, 2015 and 2014





Dave Yost • Auditor of State

Village Council
Village of Junction City
111 W Front St
Junction City, Ohio 43748

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Junction City, Perry County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2014 through December 31, 2015. 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 Junction City is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

July 15, 2016

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VILLAGE OF JUNCTION CITY
PERRY COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2015 and 2014

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

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Junction City
Perry County
111 W Front St
Junction City, Ohio 43748

To the Village Council:

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Junction City (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, 2015 and 2014, 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, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the General Ledger to the December 31, 2013 balances in the prior year Agreed upon working papers. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the General Ledger to the December 31, 2014 balances in the General Ledger. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the General Ledger. The amounts agreed.
4. We confirmed the December 31, 2015 bank balances with the Village's financial institution. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 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.

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 2015 and one from 2014:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipts 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 Receipts Ledger to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Ledger included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the County Auditor's DTLs from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Receipts 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 Operating and Sewer Operating Fund

1. We haphazardly selected 10 Water Operating and Sewer Operating Fund collection cash receipts from the year ended December 31, 2015 and 10 Water Operating and Sewer Operating Fund collection cash receipts from the year ended 2014 recorded in the Receipts Ledger and determined whether the:
 - a. Receipt amount per the Receipts Ledger agreed to the amount recorded to the credit of the customer's account in the Utility Billing Aging Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Aging Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period 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 Aging Report.
 - a. We noted this report listed \$9,340.73 and \$33,463.76 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. Of the total receivables reported in the preceding step, \$2,675 and \$2,374 were recorded as more than 90 days delinquent.
3. The Village did not maintain a non-cash adjustments report.

Debt

1. From the prior agreed upon procedures documentation, we noted the following loans outstanding as of December 31, 2013. These amounts agreed to the Village's January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
OWDA #6523	\$7,899
OWDA #4195	\$67,950

2. We inquired of management, and scanned the Receipts Ledger and Appropriations Ledger for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded and note debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Appropriations Ledger. 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 four (all) employees from 2015 and one payroll check for four (all) employees from 2014 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Payroll Register. 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 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, 2015 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 2015. 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	January 10, 2016	\$1,888.33	\$1,888.33
State income taxes	January 15, 2015	January 10, 2016	\$926.65	\$926.65
OPERS retirement	January 30, 2015	January 10, 2016	\$2,002.15	\$2,002.15
OP&F retirement	January 31, 2016	January 10, 2016	\$584.20	\$584.20
Local-Lancaster	January 31, 2016	January 10, 2016	\$3.31	\$3.31

Non-Payroll Cash Disbursements

1. From the Appropriations Ledger, we re-footed checks recorded as General Fund disbursements for transportation, and checks recorded as supplies and materials in the Street fund for 2015. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriations Ledger for the year ended December 31, 2015 and ten from the year ended December 31, 2014 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 Appropriations 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.

Mayors Court Transactions

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2015 and December 31, 2014 to the Mayor's Court Agency Fund balance reported in the Summary of Fund Cash Balances. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2015 and 2014 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balance to the amounts appearing in December 31, 2015 bank reconciliation without exception.

5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2015 and one month from the year ended December 31, 2014 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. 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 book.

Compliance – Budgetary

1. The Fiscal Officer did not enter budgetary receipt amounts in the receipt ledger, therefore, we did not compare 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 Receipts Ledger for the years ended December 31, 2015 and 2014.
2. We scanned the appropriation measures adopted for 2014 and 2015 to determine whether, for the General, Fire and Street 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 Appropriations Ledger for 2015 and 2014 for the following funds: General, Fire and Street funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriations Ledger 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 and Fire funds for the years ended December 31, 2015 and 2014. 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, 2015 and 2014 for the General, Street and Fire fund, as recorded in the Appropriations Ledger. 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 Receipts 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 2015 and 2014 Receipts Ledger and Appropriations Ledger 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 Appropriations Ledger 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 General Ledger for the years ended December 31, 2015 and 2014 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 Appropriations Ledger for the years ended December 31, 2015 and 2014 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.

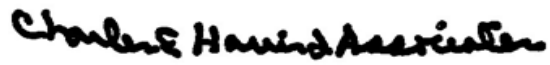
Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted
2. We inquired of the fiscal officer and/or scanned the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. Fiscal Officer obtained the required training,

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.

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Perry County
Independent Auditor's Report on
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This report is intended solely for the information and use of management, Village Council, 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" in a cursive style.

Charles E. Harris & Associates, Inc.
June 30, 2016



Dave Yost • Auditor of State

VILLAGE OF JUNCTION CITY

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 28, 2016