

**VILLAGE OF CRESTON
WAYNE COUNTY**

AGREED UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd., Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Creston
P.O. Box 194
Creston, Ohio 44217

We have reviewed the *Independent Accounts' Report on Applying Agreed-Upon Procedures* of the Village of Creston, Wayne County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the period January 1, 2017 through December 31, 2018. 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 Creston is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 23, 2019

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**WILSON, PHILLIPS, & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD., BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Creston
Wayne County
P.O. Box 194
Creston, Ohio 44217

We have performed the procedures enumerated below, which were agreed to by the Village Council, mayor and the management of the Village of Creston and the Auditor of State, on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in documentation in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of December 31, 2018 and 2017 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 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 found no exceptions.
6. We inspected investments held at December 31, 2018 and December 31, 2017 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 selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes (the Statement) for 2018 and one from 2017.
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included four real estate tax receipts for 2018 and 2017, including two from Wayne County and two from Medina County. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's DTLs from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine whether these receipts were allocated to the funds. We found no exceptions.
 - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected a sample (agreed upon) of five income tax returns filed during 2018 and five from 2017.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the MITS batch Report. The amounts agreed.
 - b. We compared the tax return total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
2. We compared the date of the receipts to the date the receipts were posted in the Receipt Register Report to determine whether the receipts were recorded in the year received. We found no exceptions.
3. We selected a sample (agreed upon) of five income tax refunds from 2018 and five from 2017.
 - a. We compared the refund paid from the Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We observed the approval by the Tax Assistant on each of the refunds. No exceptions were found.
 - c. We observed the refunds were paid from the General Fund as is required.

Water and Sewer Fund

1. We selected a sample (agreed upon) of 10 Water and Sewer collection cash receipts from the year ended December 31, 2018 and 10 Water and Sewer collection cash receipts from the year December 31, 2017 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 Demand Statement Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Demand Statement 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 fund and was recorded in the year received. We found no exceptions.
2. We read the Update Journal Report
 - a. We noted this report listed \$2,804 and \$3,862 of accounts receivable as of December 31, 2018 and 2017, respectively.
 - b. Of the total receivables reported in the preceding step, \$2,804 and \$3,862 were recorded as more than 90 days delinquent.
3. We read the Monthly Cash Receipts Journal-Adjustments Only Report.
 - a. This report listed a total of \$(6,260) and \$(5,382) non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
 - b. We selected a sample (agreed upon) of 5 non-cash adjustments from 2018 and five from 2017. Per the water/sewer clerk, the President of the Board of Public Affairs verbally approves significant non-cash adjustments. No written documentation of this approval was maintained. We recommend that written approval be given and kept in support of significant non-cash adjustments.

Debt

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2016. These amounts agreed to the Villages January 2017 balances used in step 3.

<u>Loan</u>	<u>December 31, 2016</u>
OPWC Loans	\$ 165,062
OWDA Loans	3,106,710
Hughes Property Loan	5,746
Community Center Loan	148,481
Mercedes Benz Dump Truck	46,420
Wayne Saving Bank 2015 Explorer	20,100
Wayne Savings Bank F150 Truck	15,664
Wayne Savings Bank 2016 Explorer	29,200

2. We inquired of management and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedule to General Fund, Street Construction Fund, State Highway Fund, Cemetery Fund, Parks & Recreation Fund, Creston Community Center Fund, Bond retirement Fund, Water Operating Fund, Sewer Operating Fund and Sewer Replacement & Improvement 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 exceptions.

4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Street Fund. The amounts did not agree as the debt proceeds were not recorded in the accounting system.
5. For new debt issued during 2018 and 2017, we inspected legislation, noting the Village must use the proceeds to purchase a Ford Truck and a Wheel Loader. We inspected the Payment Register Detail Report and noted that the Village did not record these purchases. All debt proceeds and purchase were done on-behalf of the Village. It is recommended that all transactions including on-behalf of transactions be recorded.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily approved rate or salary). We found no exceptions
 - b. We inspected the fund and account codes to which the check was posted to determine the postings were reasonable based on the employee's duties as documented in the minute record, timesheets or as required by statute. We also confirmed whether the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2018. We noted the following:

Withholding					
(Plus employer share					
Where applicable)	Due Date	Date Paid	Amount W/H	Amount	
Federal Income Taxes	January 31, 2019	January 7, 2019	\$ 3,599.79	\$ 3,599.79	
State Income taxes	January 15, 2019	January 7, 2019	815.00	815.00	
Local	January 31, 2019	January 7, 2019	436.75	436.75	
School District	January 31, 2019	January 7, 2019	230.75	230.75	
OP&F	January 31, 2019	January 7, 2019	4,172.45	4,172.45	
OPERS	January 31, 2019	January 7, 2019	3,217.35	3,217.35	

Non-payroll Cash Disbursements

- We selected a sample (agreed upon) of ten disbursements from the Payment Register Detail Activity Report for the year ended December 31, 2018 and ten from the year ended December 31, 2017 and determined whether:
- a. The disbursements were for a public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check image 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 noted 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 Transaction and Cash Balances

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2018 and 2017 to the Mayors Court Agency Fund balance reported in the Fund Status Report. The balances did not agree. No agency fund has been created.
3. We agreed the totals per the bank reconciliation to the total of December 31, 2018 and 2017 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance with the mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of 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 selected one month from the year ended December 31, 2018 and one month from the year ended December 31, 2017 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. We compared the total from the Amended Official Certificate of Estimated Resources, required by Ohio Revised Code Section 5705.36 (A)(1), to the amounts recorded in the Revenue Status Report for the General Fund, Street Construction Fund, and the Sewer Operating Fund for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General Fund, Street Construction Fund and the Sewer Operating Fund, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Revised Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Revised Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General Fund, Street Construction Fund and the Sewer Operating Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Revised Code Section 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 Fund, Street Construction Fund and the Sewer Operating Fund for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.

5. Ohio Revised 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, 2018 and 2017 for the General Fund, Street Construction Fund and the Sewer Operating Fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Revised Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Revised Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, inspect the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Status reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$20,000 which Ohio Revised 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.
9. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Revised Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Revised 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. There were no funds having a negative cash fund balance.

Compliance – Contracts and Expenditures

We inquired of management and inspected the Payment Register Detail report for the years ended December 31, 2018 and 2017 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 estimates). We identified no projects requiring completion of the force account assessment form.

Other Compliance

1. Ohio Revised Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2018 and 2017 fiscal year ends included 2015-2017 or 2017-2018 agreed up on procedure engagements, subsequent to the Village's deadline where the initial filing was filed on time but incomplete. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.

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*. We were not engaged to, and did not conduct an examination or review, 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 to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
April 25, 2019

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OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF CRESTON

WAYNE 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
AUGUST 6, 2019**