



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF FLUSHING  
BELMONT COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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

Village of Flushing  
Belmont County  
120 High Street  
Flushing, Ohio 43977

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Flushing, Belmont County, Ohio (the Village), on the receipts, disbursements and balances recorded in the Villages cash basis accounting records for the years ended December 31, 2019 and 2018 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, 2019 and 2018 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 recalculated the December 31, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Fund Status Report to the December 31, 2017 balances in the prior year audited statements. The General Fund balance at January 1, 2018 did not agree to the December 31, 2017 audited fund balance. The Village posted a fund balance adjustment of \$27 from a bank error in interest earnings. We also agreed the January 1, 2019 beginning fund balances recorded in the Fund Status Report to the December 31, 2018 balances in the Fund Status Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 and 2018 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balances for the Village through the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2019 bank reconciliation without exception. However, we noted the Village has an old, inactive PNC bank account with no activity reported other than interest accruing each month.

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### **Cash and Investments (Continued)**

This account balance at December 31, 2019 was \$294 and is not reconciled by the Village, interest is not posted to the UAN accounting system, and the Village should consider closing inactive accounts.

5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2019 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. There were no exceptions.
6. We inspected investments held at December 31, 2019 and December 31, 2018 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code §§ 135.13 or 135.14. We noted no exceptions.

### **Property Taxes and Intergovernmental Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the County Auditor Cross Reference Report for 2019 and a total of five from 2018:
  - a. We compared the amount from the above named reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We inspected the Revenue Ledger Report to determine these receipts were 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 Revenue Ledger Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Revenue Ledger Report included the proper number of tax receipts for each year.

### **Over-The-Counter Cash Receipts**

We selected 10 over-the-counter cash receipts from the year ended December 31, 2019 and 10 over-the-counter cash receipts from the year ended 2018 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Revenue Ledger Report. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period when applicable. We found no exceptions.
- c. Inspected the Revenue Ledger Report to determine the receipt was posted to the proper funds and was recorded in the proper year. We found no exceptions.

**Water Operating and Sewer Operating Fund**

1. We selected 10 Water Operating and Sewer Operating Fund collection cash receipts from the year ended December 31, 2019 and 10 Water Operating and Sewer Operating Fund collection cash receipts from the year ended 2018 recorded in the Cash Receipt Journal Summary Report and determined whether the:
  - a. Receipt amount per the Cash Receipt Journal Summary Report agreed to the amount recorded to the credit of the customer's account in the Account Balance Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Account Balance 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 noted October 2019 utility cash receipts were not posted to the UAN accounting system in the proper year. Instead, these receipts were posted in February 2020.
2. We observed the Utility Adjustment Report.
  - a. This report listed a total of \$4,374 and \$3,999 non-cash receipts adjustments for the years ended December 31, 2019 and 2018, respectively.
  - b. We selected five non-cash adjustments from 2019 and five non-cash adjustments from 2018, and observed that the Village Administrator approved each adjustment.

**Debt**

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2017. These amounts agreed to the Villages January 1, 2018 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2017:</b>
Ohio Water Development Authority (OWDA) Loans	\$1,587,613
Ohio Public Works Commission (OPWC) Loan	\$92,700

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. There were no new debt issuances. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedules to the Water and Sewer Debt Service Fund payments reported in the Appropriation Ledger Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found that all payments were made in the proper amounts, but were not posted properly in the Appropriation Ledger Report. One payment in 2019 was not posted to the correct funds. Water Debt Service Fund principal expenditures were overstated and Sewer Debt Service Fund principal expenditures were understated by \$1,502. In addition, the related interest expenditures were understated in the Water Debt Service Fund and overstated in the Sewer Debt Service Fund by \$621. We brought this to management's attention. They corrected the Water and Sewer Debt Service Funds for this item.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2019 and one payroll check for five employees from 2018 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 posting was reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
  - c. For any new employees selected in procedure 1 we inspected the employees' personnel files and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
    - i. Name
    - ii. Authorized salary or pay rate and departments and funds to which the check should be charged
    - iii. Retirement system participation and payroll withholding, Federal, State & Local income tax withholding authorization and withholding

We found no exceptions related to procedures i. – iii. above.

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2019 to confirm 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 2019. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	1/31/2020	1/3/2020	\$1,577.58	\$1,577.58
State income taxes	1/15/2020	12/31/2019	\$311.18	\$311.18
OPERS retirement	1/30/2020	1/7/2020	\$2,794.25	\$2,794.25

**Non-Payroll Cash Disbursements**

We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2019 and 10 from the year ended 2018 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 § 5705.41(D). We found no exceptions.



### **Compliance – Budgetary**

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code § 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General, Parks and Recreation and Water Fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected the 2019 and 2018 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code § 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which § 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
3. We inspected the Fund Status Report for the years ended December 31, 2019 and 2018 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) 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 negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Village's Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. Ohio Rev. Code § 149.43 (E)(2) requires all public offices shall adopt a public records policy in compliance with this section for responding to public records requests. In adopting a public records policy under this division, a public office may obtain guidance from the model public records policy developed and provided to the public office by the attorney general under § 109.43 of the Revised Code. Except as otherwise provided in this section, the policy may not limit the number of public records that the public office will make available to a single person, may not limit the number of public records that it will make available during a fixed period of time, and may not establish a fixed period of time before it will respond to a request for inspection or copying of public records, unless that period is less than eight hours. The Village has not adopted a public records policy. Village Council should develop and implement a policy that includes, but is not limited to, the Ohio Revised Code provision cited above.
2. We inquired whether the Village has a records retention policy, and observed that it is readily available to the public. Ohio Rev. Code § 149.43(B)(2) states, in part, a public office shall have available a copy of its current records retention schedule at a location readily available to the public. The Village has not adopted a records retention policy. Without a records retention policy, it would be possible for the Village to dispose of public records that should not be. Village Council should adopt a records retention policy.
3. We inspected individual training certificates and determined whether each elected official (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office. Ohio Rev. Code § 149.43(E)(1) states, in part, that to ensure all employees of public offices are appropriately educated about a public office's obligations under division (B) of this section, all elected officials or their appropriate designees shall attend training approved by the attorney general as provided in Ohio Rev. Code § 109.43. Neither the Village's elected officials, nor their designees, attended a public records training to cover Council members terms in office.

### **Sunshine Law Compliance (Continued)**

The last public records training attended by a Village Council member was 2014 which has expired. The elected officials of the Village should attend public records training once during each term.

4. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period are to be held. We found no exceptions.
5. We inspected the minutes of public meetings during the engagement period and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting.
  - b. Filed – placed with similar documents in an organized manner.
  - c. Maintained - retained, at a minimum, for the engagement period.
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
6. We inspected the minutes from the engagement period and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

### **Other Compliance**

1. Ohio Rev. Code § 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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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 the years ended December 31, 2019 and 2018 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list(s) of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policy obtained above and determined it is:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the entity.We found no exceptions.
  - b. We selected 1 credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
    - i. Use was by an authorized user within the guidelines established in the policy, and
    - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.

**Other Compliance (Continued)**

- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
  - i. No unpaid beginning balance was carried forward to the current billing cycle,
  - ii. Ending statement balance was paid in full, and
  - iii. Statement contained no interest or late fees.

The Village did not pay the Lowe's credit card in full during 2019. An unpaid balance of \$2,574 was carried on the September 2019 statement from the August 2019 statement. Interest charged was \$73 along with a late fee of \$27. The balance was paid in full on September 12, 2019.

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 or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. 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, 2019 and 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 23, 2020

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF FLUSHING**

**BELMONT 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 14, 2020**