



Dave Yost • Auditor of State



VILLAGE OF PORT WASHINGTON  
TUSCARAWAS COUNTY

TABLE OF CONTENTS

**TITLE** \_\_\_\_\_ **PAGE**

Independent Accountants' Report on Applying Agreed-Upon Procedures..... 1

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

Village of Port Washington  
Tuscarawas County  
107 East Main Street  
P.O. Box 277  
Port Washington, Ohio 43837

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Port Washington, Tuscarawas County, Ohio (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, 2014 and 2013, 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, 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 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 five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 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 noted no exceptions.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157  
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

[www.ohioauditor.gov](http://www.ohioauditor.gov)

### **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 Receipt Register Report. The amounts agreed.
  - b. We determined whether 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Register Report 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 County Auditor's Disbursements with Description Reports from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register 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.
4. We confirmed the 2014 amounts paid on-behalf-of the Village through the CDBG FY 2013 block grant for the Street Improvements Project with the Tuscarawas County Office of Community & Economic Development.
  - a. We determined whether these receipts were allocated to the proper fund. We found the Village failed to post these on-behalf-of transactions.
  - b. We determined whether the receipts were recorded in the proper year. Amounts were not recorded in the proper year.

When a local government enters into an on-behalf-of program agreement with another local government or the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

In 2014, \$60,486 was expended on-behalf-of the Village for the CDBG FY 2013 block grants, Activity #1, Street Improvements Project. These disbursements were made in addition to the Village's local share of \$28,635. Notification of these on-behalf-of disbursements was provided to the Village in a letter from the Tuscarawas County Office of Community & Economic Development.

As the Village participated in the application, as evidenced through the local share provided, and also benefited under the agreement, the Village should have reflected the \$60,486 in on-behalf-of transactions, as memorandum receipts and disbursements on their accounting records in 2014.

### **Income Tax Receipts**

1. We selected five income tax returns filed during 2014 and five from 2013.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the daily posting ledger. The amounts agreed.

### **Income Tax Receipts (Continued)**

- b. We compared the daily postings ledger monthly 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 determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected all three income tax refunds from 2014 and both of the two refunds from 2013.
  - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We noted each of the refunds were approved by the Income Tax Administrator.
  - c. We noted the refunds were paid from the General Fund, as required. However, we noted one exception in 2014 in which the refund was paid from the Capital Projects Fund. This occurred as the Village had originally recorded municipal income tax receipts in the Capital Projects Fund, but then in 2014 adjusted the 2013 fund balance and 2014 receipts to properly reflect the municipal income tax within the General Fund. This adjustment took into account the refund paid from the Capital Projects Fund; therefore, the ending fund balance of both the General and Capital Projects Funds reflects the proper balance related to income tax activity for the period.

### **Debt**

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted neither no new debt issuances, nor any debt payment activity during 2014 or 2013.

### **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 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 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' time sheet, minute record, or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the Employee General Information Report was consistent with the information used to compute gross and net pay related to this check:
  - a. Name.
  - b. Authorized salary or pay rate.
  - c. Department and fund to which the check should be charged.
  - d. Retirement system participation and payroll withholding.
  - e. Federal, State & Local income tax withholding authorization and withholding.
  - f. Any other deduction authorizations (deferred compensation, etc.).

We found no exceptions related to steps a. – f. above.

**Payroll Cash Disbursements (Continued)**

3. 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)	1/31/15	12/31/14	\$1,392	\$1,392
State income taxes	1/31/15	12/31/14	\$228	\$228
Village of Port Washington income taxes	1/31/15	12/31/14	\$136	\$136
OPERS retirement	1/30/15	12/31/14	\$730	\$730

**Non-Payroll Cash Disbursements**

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 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 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 one instance where the disbursement requiring certification was not certified. Ohio Rev. Code § 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

**Mayors Court Transactions**

1. 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.

2. From the cash book, we haphazardly selected one month from the year ended December 31, 2014 and one month from the year ended 2013 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 within the following month. However, we noted that the Village did not utilize a Mayor's Court Agency Fund. Therefore, the monthly sum was agreed to the receipt into the Village's General Fund. Then the allocations from that month due to the State and County, as recorded in the cash book, were agreed to the disbursements made from the General Fund to those governments.



### Mayors Court Transactions (Continued)

Amounts collected for the Village Mayor's Court should be paid into a Mayor's Court Agency Fund. Then the required amounts should be remitted to the Village, State, County, or other applicable government within the following month.

During 2014 and 2013, the Village receipted all Mayor's Court receipts directly into the Village's General Fund. Then amounts due to the State and County were paid out of the General Fund. This practice overstated General Fund Fines, Licenses and Permits receipts and General Fund expenditures by the amount of Mayor's Court receipts collected that were due to the State and to the County.

We recommend that the Village calculate the January 1, 2015 Mayor's Court Agency Fund balance and start reporting Mayor's Court activity with this Agency Fund. By taking such steps monies will be properly accounted for within an Agency Fund and the Village's General Fund receipts and expenditures will properly reflect only the Village's receipts.

- b. The totals remitted for these two months per the cash book agreed to the returned canceled check images from the Village's bank statement. 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 cash book.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code § 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Maintenance and Repair and Permissive Tax funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Street Maintenance and Repair Funds. The Revenue Status Report recorded budgeted (i.e., certified) resources for the General and Street Maintenance and Repair Funds of \$45,641 and \$15,186, respectively, for 2014. However, the final *Amended Official Certificate of Estimated Resources* reflected \$44,749 and \$15,015, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, State Highway and Capital Improvement 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 § 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2014 and 2013 for the following funds: General, State Highway, and Other Capital Projects Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code §§ 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 Other Capital Projects Funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources.

### **Compliance – Budgetary (Continued)**

5. Ohio Rev. Code § 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, Road and Bridge, and Gasoline Tax Funds, as recorded in the Comp. of Disb/Encumbrances With Expenditure Authority Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code § 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. As identified in a prior step, the Village benefited from a CDBG Street Improvement Grant. In addition, the Village contributed a local share for the project. However, contrary to Ohio Rev. Code § 5705.09, the Village failed to establish a Capital Projects Fund to account for both the local share and the on-behalf activity of the 2014 CDBG grant received by the Village. The Village should establish separate funds to segregate externally-restricted resources.
7. We scanned the 2014 and 2013 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 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 § 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 § 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. We noted no funds having a negative cash fund balance.

### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register – Vendor 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 §§ 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" and a long, sweeping tail on the "y".

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

September 29, 2015

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# Dave Yost • Auditor of State

**VILLAGE OF PORT WASHINGTON**

**TUSCARAWAS 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  
OCTOBER 20, 2015**