

VILLAGE OF MIDLAND

CLINTON COUNTY

**JANUARY 1, 2015 TO DECEMBER 31, 2016
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Village Council
Village of Midland
545 Hales Branch Road
Midland, Ohio 45148

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Midland, Clinton County, prepared by Julian & Grube, Inc., for the period January 1, 2015 through December 31, 2016. 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 Midland is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

May 19, 2017

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Julian & Grube, Inc.
Serving Ohio Local Governments

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Midland
Clinton County
545 Hales Branch Road
Midland, Ohio 45148

To the Village Council and Mayor:

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Midland (the Village) and the Auditor of 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, 2016 and 2015, 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2014 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2015 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Cash Summary by Fund Reports. The amounts agreed.
4. We confirmed the December 31, 2016 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, 2016 bank reconciliation without exception.

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 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. 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 Revenue Ledger Report to determine whether it included two real estate tax receipts for 2016 and 2015. We noted the Revenue Ledger Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also selected five receipts from the County Auditor's Vendor Central Export from 2016 and five from 2015.
 - 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.
4. We confirmed the amounts paid from the Ohio Public Works Commission to the Village during 2016 and 2015. We also confirmed the amounts paid from the Ohio Development Services Agency paid to the Village during 2016 and 2015.
 - a. We determined whether these receipts were allocated to the proper fund. In 2016, on behalf payments from the Ohio Public Works Commission in the amount of \$353,000 were recorded in a Special Revenue Fund Type - State Grant - Public Works. In addition, \$21,996 of 2015 receipts were not recorded. Auditor of State Bulletin 2002-004 requires these monies to be placed in a capital projects fund. In 2016 and 2015, the Village recorded Ohio Development Agency Services receipts in a Special Revenue Fund Type - State Grant - CDBG Pass Through fund in the amounts of \$304,182 and \$27,287, respectively. The Village did not need to record these monies as they are the County's, not the Village's receipts.
 - b. We determined whether the receipts were recorded in the proper year. In 2016, the Village erroneously recorded \$304,182 in County Community Development Block Grant monies. In 2015, the Village erroneously recorded \$27,287 in County Community Development Block Grant monies. In 2016, on behalf grant payments from the Ohio Public Works Commission in the amount of \$20,400 were overstated. In 2015, on behalf grant payments from the Ohio Public Works Commission in the amount of \$42,396 were understated. In 2016 and 2015, \$304,182 and \$27,287, respectively, from the Ohio Development Agency Services were reported in the Village's financial records; however, they should not be recorded, as they were the County's, not the Village's receipts.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. We noted no new debt issuances, nor any debt payment activity during 2016 or 2015.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 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 minute record. 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, 2016 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 2016. 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 15, 2017	December 6, 2016	\$80.66	\$80.66
State income taxes	January 31, 2017	December 6, 2016	\$10.22	\$10.22
OPERS retirement	January 31, 2017	December 6, 2016	\$146.40	\$292.90

Non-Payroll Cash Disbursements

- We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended 2015 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). In 2016, we found one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 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.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* (2016) and the *Amended Official Certificate of Estimated Resources* (2015), required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, State Highway and Police Levy funds for the years ended December 31, 2016 and 2015. The amounts on the 2015 *Amended Certificate of Estimated Resources* agreed. The amounts on the 2016 *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$31,058 for 2016. However, the final *Certificate of Estimated Resources* reflected \$26,975. 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 2016 and 2015 to determine whether, for the General, State Highway and Police Levy 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 2016 and 2015 for the following funds: General, State Highway and Policy Levy Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report except for in 2016 the State Highway fund had \$3,113.50 in appropriations in the Appropriation Status Report, that was not evidenced by Council legislation.
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, State Highway and Policy Levy funds for the years ended December 31, 2016 and 2015. 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, 2016 and 2015 for the General, State Highway and Police Levy funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations, except for in 2016, the expenditures exceeded Council approved appropriations in the amount of \$3,115.50 in the State Highway fund, contrary to Ohio Revised Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
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, 2016 and 2015. We also inquired of management regarding whether the Village received new restricted receipts. The Village received Ohio Public Works Commission grant monies in 2015 \$43,403 and 2016 \$332,600. These monies were either not recorded \$21,996 (2015), recorded in the wrong year \$20,400 (2015 recorded in 2016) and/or recorded in a Special Revenue Fund - State Grant - Public Works instead of a capital projects fund. Ohio Auditor of State Bulletin 2002-004 requires these monies to be placed in a capital projects fund as required by Ohio Revised Code Section 5705.09.

7. We scanned the 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We noted in 2015, the Village transferred \$2,904 and \$8,890 from a restricted Special Revenue Fund Type - State Grant - Public Works and State Grant Nature Works, respectively, to the Special Revenue Fund Type - Street Construction, Maintenance and Repair fund. We noted in 2016, the Village transferred \$32,298.96 from restricted Special Revenue Fund Type - State Grant Public Works to the Special Revenue Fund Type - Street Construction, Maintenance and Repair fund. It is generally preferable to advance money per AOS Bulletin 1997-003; however, advances may not always be possible. The Village Council did approve the transfers via Council Resolution, and the creditor funds purposes were of an allowable purpose of the debtor fund.
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, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 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 Detail Report for the years ended December 31, 2016 and 2015 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, 2016 and 2015. 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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This report is intended solely for the information and use of management, those charged with governance 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.

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Julian & Grube, Inc.
April 21, 2017



Dave Yost • Auditor of State

VILLAGE OF MIDLAND

CLINTON 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
JUNE 6, 2017