



Dave Yost • Auditor of State





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

Village of North Kingsville  
Ashtabula County  
3541 E. Center Street  
North Kingsville, Ohio 44068

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of North Kingsville (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2016 and 2015 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, 2016 and 2015 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

1. We recalculated the December 31, 2015 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the prior year documentation 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 Fund Ledger Report to the December 31, 2015 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, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
  - a. We traced each debit to the subsequent January and February 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. There were no exceptions.

6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2016 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We inspected investments held at December 31, 2016 and December 31, 2015 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 haphazardly 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 Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to confirm whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 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 two real estate tax receipts for 2016 and 2015. The Receipt Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also haphazardly selected five receipts from the County Payment Register from 2016 and five from 2015.
  - 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 proper 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 compared the allocation of income tax receipts for the years ended December 31, 2016 and 2015 to the Village's funds according to the allocation requirements of Ordinance No. O-15-068. The allocation agreed with the percentages the Ordinance requires.
2. We haphazardly selected five income tax returns filed during 2016 and five from 2015.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the Income Tax Coordinator's cash book. The amounts agreed.
  - b. We compared the Tax Coordinator's cash book total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.

3. We compared the date of the receipts to the date the receipts was posted in the Receipt Register Report to determine whether the receipts were recorded in the year received. We found no exceptions.
4. We haphazardly selected five income tax refunds from 2016 and five from 2015.
  - 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 observed the approval by the Fiscal Officer and the Clerk Treasurer on each of the refunds. No exceptions were found.
  - c. We observed the refunds were paid from the General Fund as is required.

**Over-The-Counter Cash Receipts**

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2016 and 10 over-the-counter cash receipts from the year ended 2015 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Confirm the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Receipt Register Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we observed the following bonds were outstanding as of December 31, 2014. These amounts agreed to the Villages January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
Fire Truck Acquisition Bond	\$ 383,788
Vehicle Acquisition Bond	\$ 38,179

2. We inquired of management, and inspected 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. All debt observed agreed to the summary we used in step 3.
3. We obtained a summary of bonded and lease debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to debt service 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.

**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 Withholding Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Withholding 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 employees' personnel files. We also confirmed 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, 2016 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 2016. 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)	January 31, 2017	December 26, 2016	\$ 2,695.66	\$ 2,695.66
State income taxes	January 15, 2017	December 26, 2016	\$ 1,497.98	\$ 1,497.98
Village of North Kingsville income tax	January 31, 2017	December 26, 2016	\$ 945.42	\$ 945.42
City of Ashtabula income tax	January 31, 2017	December 30, 2016	\$ 31.53	\$ 31.53
City of Conneaut income tax	January 31, 2017	December 30, 2016	\$ 1.71	\$ 1.71
OPERS retirement	January 30, 2017	December 30, 2016	\$ 7,053.62	\$ 7,053.62
OP&F retirement	January 31, 2017	December 30, 2016	\$ 5,459.79	\$ 5,459.79

### **Non-Payroll Cash Disbursements**

1. 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). We found no exceptions.

### **Mayors Court Transactions and Cash Balances**

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2016 and December 31, 2015 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2016 and 2015 listing of unpaid distributions as of each December 31. The amounts agreed.

4. We confirmed the December 31, 2016 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 31, 2016 bank reconciliation without exception.
5. We haphazardly selected five deposits in transit from the December 31, 2016 bank reconciliation:
  - a. We traced each deposit to the credit appearing in the subsequent January bank statement. We found no exceptions.
  - b. We agreed these deposits' amounts to the court's cash book. Each deposit in transit was recorded as a December receipt for the same amount recorded in the reconciliation.
6. 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.

7. From the cash book, we haphazardly selected one month from the year ended December 31, 2016 and one month from the year ended 2015 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. We found no exceptions.

### **Compliance – Budgetary**

1. We compared 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 Revenue Status Report for the General, SCMR and Golf Course funds for the years ended December 31, 2016 and 2015. The amounts agreed.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, SCMR and Golf Course 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, SCMR, and Golf Course. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status 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, SCMR and Golf Course funds for the years ended December 31, 2016 and for the in 2015. We observed 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, SCMR and Golf Course fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. We inspected the 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$13,000 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.
7. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
8. We inspected 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 (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 negative cash fund balances.

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

1. We inquired of management and inspected 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 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, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 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 the years ended December 31, 2016 and 2015 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 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, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

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

September 27, 2017

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# Dave Yost • Auditor of State

VILLAGE OF NORTH KINGSVILLE

ASHTABULA 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 19, 2017