



Dave Yost • Auditor of State





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

Village of Ohio City  
103 S. Main St  
Van Wert County  
Ohio City, Ohio 45874

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of Village of Ohio City (the Village) on the receipts, disbursements and balances recorded in the Villages 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, 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 Journal Report to the December 31, 2014 balances in the prior year Cash Journal Report. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Cash Journal Report to the December 31, 2015 balances in the Cash Journal 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 Journal 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, with the exception of two. We noted that two outstanding checks in the amount of \$15.00 and \$62.35, had not cleared as of the end of February 2017.
  - b. We traced the amounts and dates to the Appropriation Ledger, to determine the debits were dated prior to December 31. There were no exceptions.

### **Cash (Continued)**

6. We selected all reconciling credits (such as utility payments paid to the bank directly but not recorded on books until subsequent month) haphazardly from the December 31, 2016 bank reconciliation:
  - a. We traced each credit from the reconciliation to the subsequent Cash Journal. Each credit was recorded as a January receipt for the same amount recorded in the reconciliation. We found no exceptions.
  - b. We agreed each credit from the December 31, 2016 bank reconciliation to the bank statement. We found no exceptions.

### **Property Taxes 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 Receipts Ledger. The amounts agreed.
  - b. We inspected the Receipts Ledger to confirm whether the receipt was allocated to the proper funds required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipts Ledger to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipts Ledger to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipts Ledger included the proper number of tax receipts for each year.
3. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) to the Village during 2016 with the Commission. We found no exceptions.
  - a. We inspected the Receipts Ledger to determine whether these receipts were allocated to the proper fund. We found no exceptions.
  - b. We inspected the Receipts Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Water, Sewer and Electric Funds**

1. We haphazardly selected 10 Water, Sewer and Electric Fund collection cash receipts from the year ended December 31, 2016 and 10 Water, Sewer and Electric Fund collection cash receipts from the year ended 2015 recorded in the Receipts Ledger and determined whether the:
  - a. Receipt amount per the Receipts Ledger agreed to the amount recorded to the credit of the customer's account in the U/B Cycle Receipts Journal. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the U/B Cycle Receipts Journal 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 funds, and was recorded in the year received. We found no exceptions.

**Water, Sewer and Electric Funds (Continued)**

2. We observed the U/B Aged Trial Balance Report.
  - a. This report listed (\$766) and \$2,863 of accounts receivable as of December 31, 2016 and 2015, respectively.
  - b. Of the total receivables reported in the preceding step, \$55 and \$696 were recorded as more than 90 days delinquent.
3. We observed the U/B Adjustment Report.
  - a. This report listed a total of \$347,711 and \$8,667 non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.
  - b. We haphazardly selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and observed that the adjustments are not approved in writing by the Village Administrator. We recommend the Village Administrator or Council complete an adjustment form for all adjustments and document their approval for each non-cash adjustment to ensure that it is proper.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following bonds and loans 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, with the exception of OPWC Loan #CM29P and Rural Development Mortgage Revenue Bonds. The balances reported at January 1, 2015 for OPWC Loan #CM29P and Rural Development Mortgage Revenue Bonds were \$23,520.05 and \$1,742,548.25, respectively.

Issue	Principal outstanding as of December 31, 2014:
OPWC Loan #CT37C	\$82,514.89
OPWC Loan #CU06D	74,574.81
OPWC Loan #CT59J	8,887.43
OPWC Loan #CT60M	883,333.31
OPWC Loan #CM29P	24,864.06
OWDA Loan #3635	115,850.47
OWDA Loan #4749	87,300.91
OWDA Loan #5171	691,151.47
OWDA Loan #5682	1,007,438.58
Ohio Department of Commerce Revolving Loan	85,500.00
Rural Development Mortgage Revenue Bonds Series 2011	2,000,400.00

2. We inquired of management, and inspected the Receipts Ledger and Appropriation Ledger 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 loans and bonded debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to Fire, Water and Sewer Fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Village made the payments. We noted that the debt schedules did not agree to the schedules in the prior agreed upon procedures audit for the two debt issuances noted in #1 above nor did the ending outstanding balances tie out to the amortization schedule for this reason. The Village should ensure the debt schedule is accurate and complete according to the related debt amortization schedules.

**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 Payroll Ledger and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. 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.
  
2. For each new employee selected in step 1, we compared the employee's personnel file to ensure it 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(s) and fund(s) 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.

3. 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	January 31, 2017	December 19, 2016	3,470.70	3,470.70
State income taxes	January 15, 2017	December 19, 2016	551.68	551.68
Village of Ohio City Income Tax	January 15, 2017	December 19, 2016	495.10	495.10
OPERS retirement	January 30, 2017	January 13, 2017	3,479.74	3,479.74
Ohio School District Income Tax	January 31, 2017	December 19, 2016	205.34	205.34

**Non-Payroll Cash Disbursements**

1. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for *Public Health Services*, and checks recorded as *Security of Persons and Property* in the Fire fund for 2016. We found no exceptions.

### **Non-Payroll Cash Disbursements (Continued)**

2. We haphazardly selected ten disbursements from the Appropriation Ledger 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 noted two disbursements in 2015 for the purchase of gift baskets for the elderly community members and the solicitor, in the amount of \$463 and \$52, respectively. The Village does not have any official documentation, such as a resolution or ordinance, approving the use of public funds for the purpose of purchasing gift baskets. We recommend that the Village pass a resolution or ordinance approving such purchases.
  - 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 Appropriation Ledger 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.

### **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 Receipts Ledger for the General, Fire and Sewer 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, Fire and Sewer 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 Ledger for 2016 and 2015 for the following funds: General, Fire and Sewer. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Fire and Sewer funds for the years ended December 31, 2016 and 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, Fire and Sewer fund, as recorded in the Appropriation Ledger. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipts Ledger 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 established the Grant Construction fund during 2016 to segregate Ohio Public Works Commission receipts and disbursements in compliance with Section 5705.09.

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

7. For funds existing in prior years, we inspected 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 were included on the accounting records.
8. We inspected the 2016 and 2015 Receipts Ledger and Appropriation Ledger for evidence of interfund transfers exceeding \$5,000 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.
9. We inquired of management and inspected the Appropriation Ledger 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.
10. We inspected the Cash Journal Report for the years ended December 31, 2016 and 2015 for negative cash fund balances. 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. There were no funds having negative cash fund balances.

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

We inquired of management and inspected the Appropriation Ledger 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 entities to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the Village filed its financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015; however, the Village did not include notes to the financial statements until April 2017.
2. We inquired of the fiscal officer to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Sections 507.12 and 733.81. The Fiscal Officer obtained the required training.

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 for the use of the Village to assist in evaluating its receipts, disbursements and balances recorded in its cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and are not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 21, 2017

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# Dave Yost • Auditor of State

VILLAGE OF OHIO CITY

VAN WERT 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  
JULY 11, 2017