



Dave Yost • Auditor of State



VILLAGE OF CALDWELL  
NOBLE COUNTY

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

Village of Caldwell  
Noble County  
215 West Street  
Caldwell, Ohio 43724

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Caldwell, Noble County, Ohio (the Village), have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the year ended December 31, 2013 and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and 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 and Investments

1. We tested the mathematical accuracy of the December 31, 2013 bank reconciliation. 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, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the total per the bank reconciliation to the total of the December 31, 2013 fund cash balance reported in the Fund Status Reports. The amount agreed.
4. We confirmed the December 31, 2013 bank account balances with the Village's financial institutions. We noted the confirmed bank balance for the Raymond James Investment account was \$915 higher than book value and the Water/Sewer Guarantee bank account was \$468 higher than book value. We recommend the Village ensure all receipts and disbursements are properly recorded to the Village's ledgers. Further, we recommend the Clerk-Treasurer reconcile all bank account balances to the Village's ledgers in order to ensure proper recording of all the Village's receipts and disbursements.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 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.
6. We selected three reconciling credits (such as deposits in transit) haphazardly from the December 31, 2013 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement and adjustment report. We found no exceptions. We agreed the credit amount for unposted interest to the 2014 January bank statement and adjustments to the adjustment report.
7. We tested investments held at December 31, 2013 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 selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 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 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 Receipt Register Report to determine whether it included two real estate tax receipts for 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 2013. We also selected five receipts from the County Auditor's Vendor Audit Trail Report 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.

#### **Water Operating and Sewer Operating Fund**

1. We haphazardly selected 10 Water Operating and Sewer Operating Fund collection cash receipts from the year ended December 31, 2013 recorded in the Daily Utility Payments Edit Report and determined whether the:
  - a. Receipt amount per the Daily Utility Payments Edit Report agreed to the amount recorded to the credit of the customer's account in the Billing Register. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Billing Register 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.
2. We read the Utility Billing Aging Report.
    - a. We noted this report listed \$221 of accounts receivable as of December 31, 2013.
    - b. Of the total receivables reported in the preceding step, \$185 was recorded as more than 90 days delinquent.
  3. We read the Account Adjustments Report.
    - a. We noted this report listed a total of \$38 non-cash receipts adjustments for the year ended December 31, 2013.
    - b. We selected four non-cash adjustments from 2013 and noted the Deputy Utility Clerk approved each adjustment. The Board of Public Affairs does not have a policy regarding the approval of noncash adjustments to water and sewer accounts. Noncash adjustments are approved and posted to customer accounts by the Deputy Utility Clerk. Not having a formal policy to govern the approval of noncash adjustments could lead to adjustments to accounts for reasons not approved by the Board of Public Affairs. We recommend the Board of Public Affairs adopt a policy regarding noncash adjustments to water and sewer accounts. If the Board of Public Affairs does not intend to approve all noncash adjustments, a threshold should be set in the policy as well as a designee to perform the approvals in accordance with the policy.

**Debt**

1. From the prior audit documentation, we noted the following bonds and loans outstanding as of December 31, 2012. These amounts agreed to the Village's January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
Berkadia Mortgage Revenue Bonds	\$682,600
Ohio Public Works – Sewer Replacement	\$72,844
Ohio Public Works – GAC Water Treatment Project	\$240,000
Ohio Public Works – Sunset Drive Sewer Project	\$10,125
Ohio Public Works – WWTP Headworks Project	\$101,210
Ohio Water Development Authority – Sewer Prison	\$633,696
Ohio Water Development Authority – Sewer Lines	\$151,553
Ohio Water Development Authority – Water Treatment	\$281,295
Ohio Water Development Authority – Water Replacement	\$96,914
Ohio Water Development Authority – Sewer Replacement	\$71,237
Ohio Water Development Authority – Combined Sewer Separation	\$421,242
Ohio Water Development Authority – Combined Sewer Separation	\$218,400

2. We inquired of management, and scanned the Revenue Ledger and Appropriations Ledger for evidence of debt issued during 2013 or debt payment activity during 2013. We noted the following:
  - \$31,886 of Community Development Block Grant monies posted to Sale of Notes instead of Intergovernmental in the Water Works Construction Fund;

- \$7,317 of Ohio Public Works Commission grant monies posted to Sale of Notes instead of Intergovernmental in the Sewer Construction & Replacement Fund;
- \$625.70 of disbursements for Ohio Water Development Authority (OWDA) Loan #6428 posted to Operating Supplies and Materials instead of Capital Outlay in the Water Works Construction Fund; and
- \$3,252.32 for a refund of an overpayment made to a vendor for the construction project posted to Sale of Notes instead of Other Financing Sources in the Sewer Construction & Replacement Fund.

We recommend the Clerk-Treasurer refer to the Village Officer's Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the Village's ledgers reflect the appropriate sources of the Village's receipts and expenditures.

3. We obtained a summary bonded and note debt activity for 2013 and agreed principal and interest payments from the related debt amortization schedules to Water Revenue Bond Retirement and Sewer Revenue Bond Retirement funds' 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.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Water Works Construction Fund per the Revenue Ledger. We found \$616.85 of capitalized interest that was not posted to the Village's ledgers during 2013 for OWDA loan #6428. The capitalized interest should have been posted to Sale of Notes and Capital Outlay in the Water Works Construction Fund.
5. For new debt issued during 2013, we inspected the debt legislation, noting the Village must use the proceeds for waterline replacement design. We scanned the Appropriations Ledger and noted the Village made payments to companies for the waterline replacement design during 2013.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment 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' personnel file or 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, 2013 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 2013. We noted 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, 2014	December 2, 2013, December 13, 2013 December 27, 2013	\$7,188.07	\$7,188.07
State income taxes	January 15, 2014	January 10, 2014	\$1,289.06	\$1,289.06
OPERS retirement	January 30, 2014	January 15, 2014	\$12,319.01	\$12,319.01

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
  - a. Accumulated leave records
  - b. The employee's pay rate in effect as of the termination date
  - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

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

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2103 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.

#### **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, Street Construction and Water Operating funds for the year ended December 31, 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2013 to determine whether, for the General, Street Construction and Water Operating 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 2013 for the following funds: General, Street Construction and Water Operating. 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, Street Construction and Water Operating funds for the year ended December 31, 2013. 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 year ended December 31, 2013 for the General, Street Construction and Water Operating funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
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, 2013. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2013 Revenue Status Reports and Appropriation Status Reports 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.
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 year ended December 31, 2013 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 year ended December 31, 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 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.

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

July 7, 2014

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# Dave Yost • Auditor of State

VILLAGE CALDWELL

NOBLE 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 22, 2014