



Dave Yost • Auditor of State



VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY

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

Village of Chippewa Lake  
Medina County  
24 Circle Crest  
PO Box 25  
Chippewa Lake, Ohio 44215

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Chippewa Lake, Medina 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 years ended December 31, 2013 and 2012, 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 and Investments

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the prior year documentation in the prior year Agree-Upon Procedures working papers. 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 totals per the bank reconciliations to the total of the December 31, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2013 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, 2013 bank reconciliation without exception.

### **Cash and Investments (continued)**

5. We selected all three reconciling debits (such as outstanding checks) 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 inspected the Fund Status Report to determine whether the Finding for Adjustment identified in the prior agreed-upon procedures report, due from Other Governmental Funds to the General Fund was properly posted to the report. We noted the adjustments were not made and the variances of (\$2,994) for the General Fund, and \$2,994 for the Other Governmental Funds still existed. Due to the lack of supporting documentation for the individual fund balances included in the "Other Governmental Funds" total from the prior audited statements we were unable to determine which individual fund(s) require adjustment. We recommend the Village research which fund(s) require adjustment and adjust their balances accordingly.
7. We tested investments held at December 31, 2013 and December 31, 2012 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 and one from 2012:
  - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Detail Report. We also traced the advances noted on the Statement to the Receipt Detail Report. The amounts agreed.
  - b. We determined 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Detail Report to determine whether it included two real estate tax receipts plus seven advances for 2013 and two real estate tax receipts plus two advances for 2012. We noted the Receipt Detail Report included the proper number of tax receipts for each respective year.

**Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (continued)**

3. We selected five receipts from the State Distribution Transaction List (DTL) from 2013 and five from 2012.
  - a. We compared the amount from the above report to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). 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 Medina County for Local Government and MVL Registration revenue to the Village during 2013, and 2012. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund(s).
  - b. We determined whether the receipts were recorded in the proper year.

**Debt**

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2011.
2. We inquired of management, and scanned the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. We noted no new debt issuances nor any debt payment activity during 2013 or 2012.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Chippewa Lake Payroll Reports and:
  - a. We compared the hours and pay rate, or salary recorded in the Chippewa Lake Payroll Reports 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 determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For two new employees selected in step 1 we determined whether the following information in the Minutes and Payroll 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(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

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

**Payroll Cash Disbursements (continued)**

3. 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><u>Date Due</u></b>	<b><u>Date Paid</u></b>	<b><u>Amount Due</u></b>	<b><u>Amount Paid</u></b>
Federal income taxes & Medicare	January 31, 2014	January 20, 2014	\$ 812.05	\$ 812.05
State income taxes	January 31, 2014	January 20, 2014	144.43	144.43
Ohio School District Income Tax	January 31, 2014	January 20, 2014	34.44	34.44
OPERS retirement	January 30, 2014	January 10, 2014	1,001.93	1,001.93

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended December 31, 2012 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 two instances where disbursements requiring certification included *Then and Now Certificate* which were not properly certified with a signature. 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 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 Fund, Road & Bridge Levy Fund, and Permissive Sales Tax Fund for the years ended December 31, 2013 and 2012. With the exception of the Permissive Sales Tax Fund for 2013, the amounts on the Certificate did not agree to the amounts recorded in the accounting system. For 2013, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$167,449 and the Road & Bridge Levy Fund of \$22,300. However, the final Amended Official Certificate of Estimated Resources reflected \$168,849 and \$22,610, respectively. For 2012, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$178,301, Road & Bridge Levy Fund of \$21,310, and Permissive Sales Tax Fund of \$3,600. However, the final Amended Official Certificate of Estimated Resources reflected \$169,447, \$22,600, and \$3,611, 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 2013 and 2012 to determine whether, for the General Fund, Parking Violations Fund, and Street Construction Maintenance Fund, 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 and 2012 for the following funds: General Fund, Street Construction Maintenance Fund, and Permissive Sales Tax Fund. 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 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General Fund, Street Construction Fund, and Road and Bridge Levy Fund for the years ended December 31, 2013 and 2012. 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, 2013 and 2012 for the General Fund, Street Construction Fund, and Road and Bridge Levy Fund, 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 Detail Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. 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.

**Compliance – Budgetary (continued)**

7. We scanned the 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10 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 years ended December 31, 2013 and 2012 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. 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, 2013 and 2012 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 29, 2014



# Dave Yost • Auditor of State

**VILLAGE OF CHIPPEWA**

**MEDINA 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 8, 2014**