



Dave Yost • Auditor of State





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

Village of West Milton  
Miami County  
701 South Miami Street  
West Milton, Ohio 45383

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of West Milton (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 YTD Fund Report to the December 31, 2011 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the YTD Fund Report to the December 31, 2012 balances in the YTD Fund 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 YTD Fund Report. 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.
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.

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6. We selected both 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. We found no exceptions.
  - b. We agreed the credit amounts to the Receipt Journal. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2013 and 2012 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
8. 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 and Intergovernmental Receipts**

1. We selected a property tax receipt from one *Semi-Annual Statement of the 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 Journal. 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 Journal to determine whether it included two real estate tax receipts for 2013 and 2012. We noted the Receipt Journal included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the County Auditor's Vendor Expense Report from 2013 and five from 2012.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Journal. 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.

#### **Income Tax Receipts**

1. We obtained the December 31, 2013 Monthly Revenue Report submitted by the City of Vandalia, the agency responsible for collecting income taxes on behalf of the Village for 2013. We also obtained the December 31, 2012 Monthly Revenue Report submitted by the City of Hamilton, the agency responsible for collecting income taxes on behalf of the Village for 2012. We agreed the total gross income taxes per year to the Village's YTD Revenue Report. The amounts agreed.

2. We compared the allocation of income tax receipts for the years ended December 31, 2013 and 2012 to the Village's funds according to the allocation requirements of Ordinance No. CM-11-12. The allocation agreed with the percentages the Ordinance requires.

**Over-The-Counter Cash Receipts**

**Water Fund and Sewer Fund**

1. We haphazardly selected 10 Water Fund and Sewer Fund collection cash receipts from the year ended December 31, 2013 and 10 Water Fund and Sewer Fund collection cash receipts from the year ended 2012 recorded in the Summary Cash Receipts Journal and determined whether the:
  - a. Receipt amount per the Summary Cash Receipts Journal agreed to the amount recorded to the credit of the customer's account in the Summary Cash Receipts by Cycle and Book Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Summary Cash Receipts by Cycle and Book 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.
2. We read the Accounts Receivable Overdue Report.
  - a. We noted this report listed \$13,409 and \$7,418 of accounts receivable as of December 31, 2013 and 2012, respectively.
  - b. Of the total receivables reported in the preceding step, \$1,312 and \$556 were recorded as more than 90 days delinquent.
3. We read the Miscellaneous Charges Journal – Consolidated Report.
  - a. We noted this report listed a total of \$12,784 and \$11,373 non-cash receipts adjustments for the years ended December 31, 2013 and 2012, respectively.
  - b. We selected five non-cash adjustments from 2013 and five non-cash adjustments from 2012, and noted that the Finance Director approved each adjustment.

**Debt**

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2011. These amounts agreed to the Village's January 1, 2012 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2011:
OPWC – Water Tower Replacement Loan	\$88,515
OWDA – Waste Water Treatment Plant	\$422,924

2. We inquired of management, and scanned the Receipt Journal and Accounts Payable Check Register for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted agreed to the summary we used in step 3.

3. We obtained a summary of loan debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedules to OWDA Debt Service Fund and OPWC Debt Service Fund payments reported in the Accounts Payable Check Register (OPWC) and Memo Expense Register (OWDA.) 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 2013 and one payroll check for five employees from 2012 from the Detail Check Register and:
  - a. We compared the hours and pay rate, or salary recorded in the Detail Check Register 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 files. We also determined whether the payment was posted to the proper year. We found no exceptions.
  
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files 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 and funds 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 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 19, 2013	\$6,375	\$6,375
State income taxes	January 15, 2014	December 18, 2013	\$2,166	\$2,166
Village of West Milton income taxes	January 15, 2014	December 18, 2013	\$1,585	\$1,585
OPERS retirement	January 30, 2014	December 31, 2013	\$17,223	\$17,223
OP&F retirement	January 31, 2014	December 31, 2013	\$18,685	\$18,685

4. 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 Detail Check Register:
  - 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 Consolidated Check Register for the year ended December 31, 2013 and ten from the year ended 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 Consolidated Check Register 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 YTD Revenue Report for the General, Street Construction and Maintenance and Water funds for the years ended December 31, 2013 and 2012. The amounts agreed.
2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Park 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 YTD Expense Report for 2013 and 2012 for the following funds: General Fund, OWDA Debt Fund, and Water Capital Improvement Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the YTD Expense 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 Levy, and Sewer funds 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, Street Levy, and Sewer funds, as recorded in the YTD Expense 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 Transaction Listing 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.
7. We scanned the 2013 and 2012 YTD Revenue Report and YTD Expense Report for evidence of inter-fund transfers exceeding \$10,000.00 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 YTD Expense Report 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 YTD Fund Report for the years ended December 31, 2013 and 2012 for negative cash fund balances. 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. We noted no funds having negative cash fund balance.

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

We inquired of management and scanned the Consolidated Check Register 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



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**VILLAGE OF WEST MILTON**

**MIAMI 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  
MAY 8, 2014**