



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Ohio City
Van Wert County
103 South Main Street
Ohio City, Ohio 45874

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Ohio City (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, 2014 and 2013, 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

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Cash Journal to the December 31, 2012 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Cash Journal to the December 31, 2013 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Cash Journal. The amounts agreed except for \$50 unreconciled variance for both years.
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, 2014 bank reconciliation without exception.
5. We tested all of the reconciling debit (outstanding check and utility credit card transactions) from the December 31, 2014 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements and January cash journal. We found no exception except the one outstanding check was still outstanding.

- b. We traced the amount and date to the Cash Journal, to determine the debit was dated prior to December 31 and the credit card transaction were recorded as January receipt for the same amount on the December bank statement. We noted no exceptions.

Water, Sewer, and Electric Fund

1. We haphazardly selected 10 Water, Sewer, and Electric Fund collection cash receipts from the year ended December 31, 2014 and 10 Water, Sewer, and Electric Fund collection cash receipts from the year ended 2013 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 Report. 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.
2. We read the U/B Aged Trial Balance Report.
 - a. We noted this report listed \$1,807 and \$973 of accounts receivable as of December 31, 2014 and 2013, respectively.
 - b. Of the total receivables reported in the preceding step, \$393 and \$152 were recorded as more than 90 days delinquent.
3. We read the U/B Adjustment Report.
 - a. We noted this report listed a total of \$5,714 and \$8,766 non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
 - b. We selected five non-cash adjustments from 2014 and five non-cash adjustments from 2013, and noted 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 audit documentation, we noted the following bonds and notes outstanding as of December 31, 2012. These amounts agreed to the Villages January 1, 2013 balances on the summary we used in step 3, except the Department of Commerce Revolving Loan and Rural Development Mortgage Revenue Bonds were omitted from the schedule.

Issue	Principal outstanding as of December 31, 2012:
Ohio Public Works Commission Loan #CM729	\$4,000
Ohio Public Works Commission Loan #CT37C	99,984
Ohio Public Works Commission Loan #CU06D	97,521
Ohio Public Works Commission Loan #CT59J	10,034
Ohio Public Works Commission Loan #CT60M	950,000
Ohio Water Development Authority Loan #3635	123,249
Ohio Water Development Authority Loan #3993	10,000
Ohio Water Development Authority Loan #4749	93,332
Ohio Water Development Authority Loan #5171	736,082

Ohio Water Development Authority Loan #5682	1,160,439
Department of Commerce Revolving Loan	123,500
Rural Development Mortgage Revenue Bonds, Series 2011	2,044,000

2. We inquired of management, and scanned the Receipts Ledger and Appropriation Ledger for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3, except the Department of Commerce Revolving Loan and Rural Development Mortgage Revenue Bonds were omitted from the schedule. The Village should make sure the debt schedule includes all debt activity.
3. We obtained a summary of bonded and note debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedule(s) 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 the Village did not include accurate principal payment amount of \$672 for the Ohio Public Works Commission loan #CM29F in 2013 and \$22,300 for the Rural Development Mortgage Revenue Bonds series 2011 in 2014. Also, The Village should make sure the debt schedule is accurate and complete according to the related debt amortization schedules.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Sewer fund per the Receipts Ledger. The amounts agreed.
5. For new debt issued during 2013, we inspected the debt legislation, noting the Village must use the proceeds for the Shane Street Sewer Project. We scanned the Appropriation Ledger and noted the Ohio Public Works Commission paid the contractor directly for the sewer work on Shane Street.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 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 determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the minute record. 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(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 scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 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 2014. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2015	December 19, 2014	\$3,719	\$3,719
State income taxes	January 15, 2015	December 19, 2014	\$636	\$636
Village of Ohio City income taxes	January 15, 2015	December 19, 2014	\$515	\$515
OPERS retirement	January 30, 2015	January 14, 2015	\$3,028	\$3,028
Ohio School District Income Tax	January 15, 2015	December 19, 2014	\$203	\$203

Non-Payroll Cash Disbursements

1. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for security of persons and property, and checks recorded as supplies and materials in the Water fund for 2014. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2014 and ten from the year ended 2013 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 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, 2014 and 2013. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General, Fire and Sewer Funds in 2014 and Sewer Fund in 2013. The Receipts Ledger recorded budgeted (i.e. certified) resources for the General, Fire and Sewer funds of \$240,612, \$119,820 and \$263,740, respectively, for 2014 and Sewer Fund of \$340,770 for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$242,503, \$127,700, and \$240,000, respectively for 2014 and \$355,770 for 2013. The fiscal officer should periodically compare amounts recorded in the Receipts Ledger 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 2014 and 2013 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 2014 and 2013 for the following funds: *General, Fire, and Sewer Funds*. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
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, Fire and Sewer funds for the years ended December 31, 2014 and 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 years ended December 31, 2014 and 2013 for the General, Fire and Sewer fund, as recorded in the Appropriation Ledger. 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 Receipts Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 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 2014 and 2013 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.
8. We inquired of management and scanned the Appropriation Ledger 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 Journal for the years ended December 31, 2014 and 2013 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned Appropriation Ledger for the years ended December 31, 2014 and 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 "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

April 8, 2015



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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
MAY 7, 2015