



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of North Lewisburg
Champaign County
60 East Maple Street
PO Box 243
North Lewisburg, OH 43060

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of North Lewisburg, Champaign 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, 2015 and 2014, including mayor's court receipts, disbursements and balances, 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, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2014 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Village's financial institution. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation. The Village's CD #7800 was confirmed at \$107,952; however the Village's bank reconciliation and accounting records reported the CD at \$100,000. The Fiscal Officer should implement procedures to ensure balances are properly reported in the accounting system and bank reconciliation.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 and five from the December 31, 2014 bank reconciliation:
 - a. We traced each debit to the subsequent January, February, and March bank statements. Outstanding check #6204 and #6272, dated 11/20/2015 and 12/28/2015, respectively, remained outstanding as of April 1, 2016. Checks over 90 days old are considered stale-dated and should be moved to unclaimed funds or voided. The Fiscal Officer should follow-up on long-outstanding reconciling items to help prevent reconciling issues.
 - 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 tested investments held at December 31, 2015 and December 31, 2014 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 *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. In 2014, the Village posted the tax receipt at total collection of \$11,815 however the Village should have posted a gross tax receipt of \$9,426. Additionally, the fees were incorrectly posted. In 2015, the Village posted a net tax receipt of \$6,627 however the Village should have posted a gross tax receipt of \$9,527. The difference of \$2,901 should have been posted as general governmental disbursements. The Village should properly post tax receipts at the gross total distribution with a corresponding disbursement for tax fees to help prevent over/understated revenues and expenditures.
 - 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 Register Report to determine whether it included two real estate tax receipts for 2015 and 2014. 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 2015 and five from 2014. We also selected five receipts from the County Auditor's Transaction History Listing Report from 2015 and five from 2014.
 - 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.

Income Tax Receipts

We obtained the December 31, 2015 and 2014 Monthly Distribution Summary Reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Receipt Register Report. The amounts agreed.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2015 and 10 Water and Sewer Fund collection cash receipts from the year ended 2014 recorded in the Receipt Register Detail Report and determined whether the:
 - a. Receipt amount per the Receipt Register Detail Report agreed to the amount recorded to the credit of the customer's account in the Utility Billing Trial Balance. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Trial Balance 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 Trial Balance:
 - a. We noted this report listed \$32,287 and \$27,125 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. We were unable to determine the amount of accounts receivable that is more than 90 days delinquent due to the lack of aging information provided by the Village accounts receivable system. Without accounts receivable aging information, the Village lacks reliable information on overdue amounts and information upon which to judge whether the Village should write off or follow up on uncollectible amounts. The Village should obtain software modifications to provide this information.

3. We read the Utility System Monthly Cash Receipts Journal:
 - a. We noted this report listed a total of \$505 and \$1,001 non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
 - b. We selected five non-cash adjustments from 2015 and five non-cash adjustments from 2014, and noted that there is an Approved Ordinance No. 241(C), allowing the Utility Clerk to make shut off notice adjustments of \$10. For all other adjustments, we noted that written approval was not obtained. We recommend the village maintain approval for all non-cash adjustments.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following bonds and loans outstanding as of December 31, 2013. These amounts agreed to the Village's January 1, 2014 balances on the summary we used in step 3.

| Issue | Principal outstanding as of December 31, 2013: |
|----------------------------------|------------------------------------------------|
| OWDA #2430 | \$0 |
| OWDA #4257 | \$2,075,671 |
| OPWC #CK331 | \$0 |
| OPWC #CK905 | \$78,626 |
| OPWC #CK21H | \$465,000 |
| Mortgage Refunding Revenue Bonds | \$512,000 |
| Police Vehicle Bonds | \$30,100 |

Debt (Continued)

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. We noted the Village issued new debt in 2015, in the amount of \$100,200, for the purchase of land. All debt noted agreed to the summary we used in Step 3.
3. We obtained a summary of bonded debt and loan activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to Enterprise and General fund 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 four exceptions in 2014 and three exceptions in 2015. The Village's payments were due January 1, 2014 (3 due), March 5, 2014 and January 1, 2015 (3 due); however those payments were made on January 7, 2014 (3 paid), March 10, 2014, January 9, 2015 and January 16, 2015 (2 paid), respectively. The Village should review amortization schedules and invoices and implement procedures to ensure timely payments to help avoid late fees/penalties.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Water fund per the Receipt Register Report. The Village did not record the new debt proceeds in the accounting system in 2015. The Village should implement procedures to ensure all financial activity is included in the accounting system.
5. For new debt issued during 2015, we inspected the debt legislation, noting the Village must use the proceeds to purchase property. We scanned the Payment Register Detail Report and noted the Village did not record the purchase in the accounting system; however the Bank purchased the property directly. The Village should implement procedures to ensure all financial activity is included in the accounting system.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. 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 employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We noted one exception. In 2014, one employee was improperly paid from the Street Fund; however according to the Council approved Salary Schedule, this employee should have been paid from the General Fund. The Village should review employee duties and Council approved schedules to ensure payments are properly posted to the correct funds. In addition, the Village should correct the error noted by decreasing the General Fund by \$533 and increasing the Street Fund by \$533.
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.

Payroll Cash Disbursements (Continued)

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 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 2015. We noted the following:

| Withholding (plus employer share, where applicable) | Date Due | Date Paid | Amount Due | Amount Paid |
|--------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------|-----------------------|------------------------|
| Federal income taxes & Medicare (and social security, for employees not enrolled in pension system) | January 31, 2016 | November 6, 2015 December 4, 2015 January 6, 2016 | \$9,296.32 | \$9,296.32 |
| State income taxes | January 15, 2016 | January 5, 2016 | \$492.44 | \$492.44 |
| Village of North Lewisburg income tax | January 31, 2016 | December 31, 2015 | \$478.70 | \$478.70 |
| OPERS retirement | January 30, 2016 | January 11, 2016 | \$5,101.78 | \$5,101.78 |
| Triad School District Income Tax | January 15, 2016 | January 5, 2016 | \$404.86 | \$404.86 |

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2015 and ten from the year ended 2014 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 one exception. Pursuant to Ohio Rev. Code §4501 and §5735, motor vehicle license and gasoline tax revenues are allocated to the Village's Street Fund and can only be used for maintenance, repairs, and other street related expenditures. The Village posted a \$230 expenditure for Mosquito Spraying to the Street Fund; however this is not a permissible expenditure and should have been charged to the General Fund. The Village should increase the Street Fund and decrease the General Fund by \$230. Additionally, the Village should review permissible expenditures for restricted funds and implement procedures to ensure only proper expenditures are included.
- 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.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2015 and December 31, 2014 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. The Village has not included the Mayor's Court Agency Fund in the accounting system (UAN), therefore we were unable to compare the cash totals to the Fund Status Report. The Village should establish the required Agency Fund and properly include all activity in the accounting system.

Mayors Court Transactions and Cash Balances (Continued)

3. We agreed the totals per the bank reconciliations to the total of December 31, 2015 and 2014 Monthly Distribution Journal listing of unpaid distributions. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2015 bank reconciliation without exception.
5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - c. Case file.
 The amounts recorded in the cash book, receipts book, docket and case file agreed.
6. From the cash book, we haphazardly selected one month from the year ended December 31, 2015 and one month from the year ended 2014 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. 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 cash book.

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, Mayor's Computer, and Sewer Operating funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the following:

| Year and Fund | Amended Certificate of Estimated Resources Amount | Revenue Status Report Amount |
|-----------------------|---------------------------------------------------|------------------------------|
| 2014 General | \$295,050 | \$289,050 |
| 2014 Mayor's Computer | 1,000 | 1,500 |
| 2014 Sewer Operating | 389,000 | 384,000 |

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, Council may be using inaccurate information for budgeting and monitoring purposes.

2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Street Construction Maintenance & Repair 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.

Compliance – Budgetary (Continued)

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 2015 and 2014 for the following funds: General, State Highway, 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, State Highway and Sewer Operating funds for the years ended December 31, 2015 and 2014. We noted no funds for which appropriations exceeded estimated 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, 2015 and 2014 for the General, State Highway and Sewer 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, 2015 and 2014. 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 2015 and 2014 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 years ended December 31, 2015 and 2014 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 the Payment Register Detail Report for the years ended December 31, 2015 and 2014 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

Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

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".

Dave Yost
Auditor of State

Columbus, Ohio

June 7, 2016



Dave Yost • Auditor of State

VILLAGE OF NORTH LEWISBURG

CHAMPAIGN 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 5, 2016