



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Owensville Village
Clermont County
115 West Main Street
Owensville, Ohio 45160

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of Owensville Village (the Village) on the receipts, disbursements and balances recorded in the Villages cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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 recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Status Report to the December 31, 2016 balances in the prior year audited statements. The following exceptions were noted as a result of prior audit adjustments not being posted:

Fund	12/31/16 Audited Balance	1/1/17 Accounting System Balance	Variance
1000 General Fund	\$100,892	\$121,749	(\$20,857)
2011 Street Construction Maintenance and Repair Fund	16,203	10,818	5,385
2021 State Highway Fund	8,999	8,649	350
2081 Drug Law Enforcement Fund	8,139	7,839	300
2902 Police Fund	7,323	3,058	4,265
2903 Computer Fund	11,808	1,251	10,557

The accounting system has been adjusted for these errors.

We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Status Report to the December 31, 2017 balances in the Fund Status Report. We found no exceptions.

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.

4. We confirmed the December 31, 2018 bank account balances with the Village's financial institutions. We found no exceptions.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. 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. There were 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 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. Receipt 36-2017 was posted at the net amount of \$37,395 instead of the gross amount of \$39,316 in 2017. Receipt 37-2018 was posted at the net amount of \$36,465 instead of the gross amount of \$38,671 in 2018.
 - b. We inspected the Receipt Register Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. Property taxes receipts related to the Police Levy, which should have been posted to the Police Fund (2902) totaling \$47,277 and \$44,729 for 2017 and 2018, respectively, were incorrectly posted to the General Fund. The Village approved interfund transfers from the General Fund to the Police Fund totaling \$200,875 and \$154,010 for 2017 and 2018, respectively, so that ending fund balances were correct. The Village should post the Police Levy tax receipts directly to the Police Fund.
 - c. We inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Register Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected all receipts from the County Auditor's DTLs from 2018 and all from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper funds.
 - i. Homestead and rollback receipts related to the Police Levy, which should have been posted to the Police Fund (2902), totaling \$4,038 and \$3,819 for 2017 and 2018, respectively, were incorrectly posted to the General Fund. As described above, the Village approved interfund transfers from the General Fund to the Police Fund totaling \$200,875 and \$154,010 for 2017 and 2018, respectively, so that ending fund balances were correct.

- ii. Justice Assistant Grant receipts totaling \$3,296 were incorrectly posted to and spent from the General Fund rather than the Special Revenue Funds for 2018. The Village should post grant funds restricted for a specific purpose to a Special Revenue fund.
- iii. Permissive motor vehicle license tax receipts, which should have been posted to the Permissive Motor Vehicle Tax Fund (2101), totaling \$1,165 for 2018 were incorrectly posted to the General Fund.
- iv. Motor vehicle license registration receipts totaling \$5,993 in 2017 which should have been posted ninety-two and one-half percent to the Street Construction, Maintenance, and Repair Fund (2011) and seven and one-half percent to the State Highway Fund (2021), \$5,543 and \$450, respectively, were incorrectly posted to General Fund, Street Construction, Maintenance, and Repair Fund, and State Highway Fund for \$551, \$3,368, and \$2,074, respectively.
- v. Motor vehicle license registration receipts totaling \$123 in 2018 were incorrectly posted to the Street Construction, Maintenance, and Repair Fund (2011) rather than to the State Highway Fund (2021).

The accounting system has been adjusted for these errors.

- c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2018 and 2017 Total Distributions 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 Village incorrectly posted income tax receipts totaling \$139,626 at the net amount of \$135,242 in 2017. The Village incorrectly posted income tax receipts totaling \$135,247 at the net amount of \$130,558 in 2018.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. There were no new debt issuances, nor any debt payment activity during 2018 or 2017.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 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 the following exceptions:
 - One employee in 2018 had 80 hours recorded in the Employee Detail Adjustment Report but the timesheet had 56 hours. The Village provided additional supporting documentation to support the 80 hours in the Wage Detail Report. The Village should ensure timesheets accurately document work performed and receive a documented supervisory approval.

- Substitute Mayor's Court Clerk Tracey Pridemore had a pay rate of \$10 per hour recorded in the Employee Detail Adjustment report in 2017 but the pay rate approved by Council in the minutes was \$9 per hour resulting in an overpayment of \$28.50 to Ms. Pridemore.
 - Maintenance Worker Carl Alsept had a pay rate of \$10.50 per hour recorded in the Employee Detail Adjustment report in 2018. The pay rate was approved by Council in the January 2016 minutes but was incorrectly listed as \$10.00 per hour in the 2018 minutes.
- b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. One employee in 2017 was overpaid \$28.50 and one employee in 2018 was overpaid \$20 due to the wrong pay rates being recorded in the payroll register.
 - c. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minutes. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files for the following information and compared it 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 exceptions above where department and fund charged documentation, retirement system participation forms, and federal, state and local tax withholding forms were not provided. We recommend the Village maintain all documentation to support wages paid and deductions withheld.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm 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 2017. We observed 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, 2019	January 15, 2019	\$646.38	\$646.38
State income taxes	January 15, 2019	January 15, 2019	208.79	208.79
Village of Owensville income tax	January 31, 2019	January 15, 2019	147.92	147.92
OPERS retirement	January 30, 2019	January 15, 2019	920.07	920.07
OP&F retirement	January 31, 2019	January 15, 2019	729.51	729.51

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and 10 from the year ended 2017 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 seven instances in 2017 and nine instances in 2018 where the certification date was after the vendor invoice date, and there was also no evidence that a Then and Now Certificate was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a Then and Now Certificate is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Mayors Court Transactions and Cash Balances

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We noted the following exceptions:
 - The 2017 reconciliation included an unsupported reconciling item for \$406, and the reconciled bank balance was \$66 more than the book balance.
 - The 2018 reconciliation incorrectly stated the December 31, 2018 bank balance and reconciling items. Once the amounts were corrected, the book balance was \$11 more than the reconciled bank balance.

2. We attempted to compare the reconciled cash totals as of December 31, 2018 and December 31, 2017 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. However, the Mayor's Court Agency Fund balances for 2018 and 2017 were not reported in the Fund Status Reports or the annual financial report filed with the Auditor of State.
3. We confirmed the December 31, 2018 bank account balance with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
4. We selected the credit card deposits in transit from the December 31, 2018 bank reconciliation:
 - a. We traced each deposit to the credit appearing in the subsequent January financial institution website transaction listing. We found no exceptions.
 - b. We agreed these deposits' amounts to the court's cash book. Each deposit in transit was recorded as a December receipt for the same amount recorded in the reconciliation.
5. We selected a sample (agreed upon) of 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 selected one month from the year ended December 31, 2018 and one month from the year ended 2017 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. For December 2017, the Mayor's Court remitted \$931 more to the Village than was on the monthly sum of fines and costs for December due to corrections of errors from prior months. For December 2018, the Mayor's Court failed to remit \$31.50 to the Treasurer of State Indigent Alcohol Treatment Fund.
 - 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, Street Construction Maintenance and Repair and Police funds for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We requested the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Street Construction Maintenance and Repair and Police 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). While the minutes mention approval of the appropriations, no detail was included, and the Village did not provide Appropriation

Resolutions when requested for audit. We verified that the Appropriation Status Report recorded appropriations at the legal level of control for 2018 and 2017.

3. We were not able to compare total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 since the Village did not provide Appropriation Resolutions.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations as recorded in the Appropriation Status Report to total certified resources for the General, Street Construction Maintenance and Repair and Police funds for the years ended December 31, 2018 and 2017. There were 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, 2018 and 2017 for the General, Street Construction Maintenance and Repair and Police funds, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Village received new restricted receipts. Justice Assistant Grant receipts totaling \$3,296 were incorrectly posted to and spent from the General Fund. The Village should have established a special revenue fund for the restricted receipts.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$7,000 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 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. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 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 force account projects for 2017 or 2018.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer obtained 6.5 of the required 12 hours of training.
3. For all credit card accounts we requested:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.

The Village has one credit card account and the Police Chief is the authorized user. The Village does not have an internal controls policy for the credit card.

- a. We selected the one credit card transaction in 2017 and 2018 for testing. We inspected the documentation to determine that:
 - i. Use was by an authorized user, and
 - ii. The transaction was supported with original invoices and for a proper public purpose.

We found no exceptions.

Addendum

The previously-issued agreed-upon procedures report has been restated to correct the following misstatements:

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts Step 3b in the original report inadvertently omitted exceptions from the sample of five receipts from the County Auditor's DTL from 2018 and 2017. We expanded the procedure to select all receipts from the County Auditor's DTL from 2018 and 2017 and reported the exceptions in Step 3b iii through Step 3b v.

Cash Step 2 from the original report reported a finding for adjustment. The Village recorded the adjustments to the accounting system on December 30, 2019. We removed the finding for adjustment from Cash Step 2.

Compliance – Budgetary Step 6 in the original report reported no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund. However, Justice Assistant Grant receipts totaling \$3,296 were incorrectly posted to and spent from the General Fund rather than the Special Revenue Funds for 2018 as reported in Property Taxes, Intergovernmental and Other Confirmable Cash Receipts Step 3b.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

November 20, 2019, except for the Addendum on page 8 (and related procedures), which is as of July 28, 2020

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OWENSVILLE

CLERMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/18/2020

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