



**Dave Yost • Auditor of State**

**Village of Lakemore  
Summit County, Ohio**

**Financial Accounting Report**

**Local Government Services Section**

**Village of Lakemore, Summit County  
Report on Accounting Methods**

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# Dave Yost • Auditor of State

## CERTIFICATION

In compliance with the requirements set forth in Section 118.10(A) of the Ohio Revised Code, an assessment of the methods, accuracy, and legality of the accounts, records, files, and reports of the Village of Lakemore was conducted. This report on accounting methods states whether there are adequate controls in place to assure confidence in the records. The control deficiencies and instances of non-compliance with State statutes and the Ohio Administrative Code are identified throughout this report. Therefore, pursuant to Section 118.10 of the Revised Code, a "Report on Accounting Methods" is hereby submitted and certified to Sharon Hanrahan, Chairman of the Financial Planning and Supervision Commission of the Village of Lakemore; Richard Justice, Mayor of the Village of Lakemore and Tammie Coontz, Council President.

A handwritten signature in black ink that reads "David Yost".

David Yost  
Auditor of State

September 20, 2012

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Purpose

As required by Section 118.10(A), of the Ohio Revised Code, the Auditor of State "...shall issue a preliminary report with respect to the method, accuracy and legality of the accounts, records, files and reports of the municipality. Such report shall state whether Chapter 117 of the Revised Code and the requirements of the office of the Auditor of State have been compiled with...".

Accordingly, this report centers upon the following: (1) whether the current accounting system fulfills the needs of the Village, and (2) whether the current accounting system is in compliance with Chapter 117 of the Revised Code and the requirements of the Auditor of State. Information for this report was obtained by interviewing Village personnel and reviewing pertinent accounting, financial and budgetary records.

This report is intended solely for the use of the Financial Planning and Supervision Commission of the Village of Lakemore. We were not engaged to, nor did we perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Governance Overview

The Village of Lakemore (the “Village”) is located in northeast Ohio in Summit County. The Village is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Operating as a statutory village, Lakemore must comply with all State laws regulating village government. The decision-making process is directed by an elected Village Council and Mayor.

The Village Council is the legislative authority of the Village and consists of six members who are elected at large and serve a term of four years. The Village Council has the authority to prescribe, by ordinance, the manner in which any power of the Village shall be exercised.

The Mayor is the chief executive officer of the Village and serves a term of four years. The Mayor supervises the administration of the Village. The Mayor makes recommendations to the Village Council and has voting rights only in the case of a tie.

The Village Administrator is appointed by the Mayor and Council and supervises the operations of the Department of Public Services of the Village. The position of Village Administrator was eliminated in October 2011. Council has appointed the Fiscal Officer to serve in this position in addition to his position as Fiscal Officer.

Because the Village has chosen to exercise Section 733.262 of the Revised Code, the Village Council appoints a Fiscal Officer who also serves as clerk for the Village Council. The Fiscal Officer attends all Council meetings and keeps a record of all proceedings, rules, bylaws, and legislation. In addition, the Fiscal Officer keeps statements of all monies received and disbursed by the Village, keeps records of all property owned by the Village and of all taxes and assessments. The Fiscal Officer performs the accounting procedures for the Village necessary to comply with the administrative rules adopted by the Auditor of State.

Village Council contracts with an attorney to handle any legal matters for the Village. The Village Solicitor is the chief legal officer of the Village.

Services provided by the Village include street maintenance and repair, street lighting, park maintenance, water and sewer, trash collection and fire and emergency medical services.

On August 31, 2010, the Village was declared to be in a state of fiscal emergency by the Auditor of State. A Financial Planning and Supervision Commission (the Commission) was established under Revised Code Section 118.05. Commission membership is as follows:

1. The Director of the Office of Budget and Management or a designee;
2. The Mayor of the Village or a designee;
3. The Council President or a designee;
4. The Treasurer of State or a designee; and
5. Three individuals appointed by the Governor with knowledge and experience in financial matters who are residents of the Village or who work in the Village.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Governance Overview

(Continued)

The powers, duties, and functions of the Commission may include:

1. Review all tax budgets, tax levy ordinances, bond and note resolutions or ordinances, appropriations measures, and certificates of estimated resources to ensure they are consistent with the financial recovery plan;
2. Inspect and secure copies of pertinent documents of the Village;
3. Inspect and secure copies of pertinent documents of the County or State agencies relating to the Village;
4. Review, revise, and approve determinations and certifications affecting the Village made by the County Budget Commission or the County Fiscal Officer;
5. Bring civil actions to enforce fiscal emergency provisions;
6. Approve the amount and purpose of any debt obligations;
7. Implement steps necessary to bring accounting records, accounting systems, and financial procedures and reports into compliance with rules established by the Auditor of State;
8. Make and enter into all contracts necessary or incidental to the performance of its duties;
9. Make recommendations for cost reductions or revenue increases to achieve a balanced budget; and,
10. Annually, before April 1, make a report and recommendations to the Speaker of the House of Representatives and the President of the Senate on the progress of the Village.

This Commission is required to adopt a financial recovery plan for the Village within one hundred twenty days of its first meeting. The recovery plan was initially submitted to the Commission on June 7, 2011 and amended on April 4, 2012. By State statute, the Village must operate within the provisions of the recovery plan.

The Commission will continue in existence until the Auditor of State, or the Commission itself, determines that:

1. An effective financial accounting and reporting system is in the process of being implemented and is expected to be completed within two years;
2. All of the fiscal emergency conditions have been corrected or eliminated and no new emergency conditions have occurred;
3. The objectives of the financial recovery plan are being met; and
4. The Village Council has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "nonadverse".

Once these requirements are satisfied and certified to the Commission, the Governor, the Director of the Office of Budget and Management, and the County Budget Commission; the Commission will be terminated.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Budgetary System

##### Description of an Effective Budgetary System

The legally adopted annual budget plays a unique and central role in determining the amount and type of financial resources that will be raised and how those financial resources will be spent. Annually, a budget consisting of estimated receipts and disbursements for each fund for the next year should be presented to the governing body with sufficient time for review and public input. The budget should identify the major sources of receipts and the programs, activities, and major objects of disbursements. The budget should encompass current operations and maintenance, capital acquisition and replacement, and debt retirement. The budget, once approved by the legislative authority, should be the basis for the appropriation measure. The appropriation measure should identify, by fund, department/activity, and object, the amount of resources authorized to be expended for the various governmental functions and programs. The amount appropriated for each fund should not exceed the estimated resources available in that fund for the year. The estimated revenues and appropriations should be integrated with the accounting system to ensure and demonstrate compliance with the budget and allow for ongoing and timely information on unrealized receipts and balances available for disbursement.

##### Statutory Requirements

The budgetary process for the Village is prescribed in Chapter 5705 of the Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance.

The Tax Budget - The Mayor prepares an annual tax budget of the estimated receipts and disbursements for all funds of the Village for the period of January 1 to December 31 of the following year. The budget must be filed in the Fiscal Officer's office for public inspection ten days prior to adoption by the Village Council. At least one public hearing must be held for discussion of the budget. Village Council is required to adopt the budget by July 15 and the budget must be submitted to the Summit County Budget Commission by July 20 of each year.

The County Budget Commission examines the budget to ascertain that all tax levies of the Village are properly authorized. The Budget Commission also revises and adjusts the estimated receipts for property taxes and local government fund allocations. The Budget Commission then prepares and submits to the Village the Resolution Accepting Rates for Village Council's consideration. Village Council must accept or reject the rates outlined in the Resolution and file the Resolution with the Budget Commission. On or about October 1, Village Council must authorize, by resolution, the necessary tax levies and certify them to the County Fiscal Officer.

The County Budget Commission may, by an affirmative vote of a majority of the Budget Commission, waive the requirement that Village Council adopt a tax budget as provided under section 5705.28 of the Revised Code, but shall require the Village Council to provide such information to the Budget Commission as may be required by the Budget Commission to perform its duties under Chapter 5705 of the Revised Code, including the allocation of inside millage to each subdivision or taxing unit.

Certificate of Estimated Resources - The Budget Commission issues an official certificate of estimated resources on or about September 1, based on information provided in the tax budget and other information available to the Budget Commission.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Budgetary System

(Continued)

On or about January 1, the Fiscal Officer certifies the actual year-end balances for all village funds to the Budget Commission. Upon receipt of the information, the Budget Commission issues an amended official certificate of estimated resources that includes the unencumbered fund balances at December 31. Further amendments may be made during the year if the Fiscal Officer determines that the revenue to be collected by the Village will be greater than or less than the amount included in the amended official certificate of estimated resources.

Appropriation Ordinance - Section 5705.38 of the Revised Code requires that on or about January 1, the annual appropriation ordinance must be enacted by Village Council. Prior to the passage of the annual appropriation measure, a temporary appropriation measure may be passed to meet the ordinary expenses of the Village until April 1. The appropriation ordinance, by fund, must be within the estimated resources as certified by the County Budget Commission. Appropriation measures must be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services. Any revisions that alter the total of any fund appropriation or alter the levels adopted by Village Council must be approved by Village Council. The Village may pass supplemental appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent amended certificate of estimated resources.

The Fiscal Officer is required to certify a copy of each appropriation ordinance to the County Budget Commission. No appropriations are effective until the County Fiscal Officer provides a certificate indicating the appropriations, by fund, are within the estimated resources.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are encumbered and recorded as the equivalent of disbursements in order to reserve that portion of the applicable appropriation and to maintain legal compliance with the adopted appropriations. Disbursements plus encumbrances may not legally exceed appropriations.

Annual Tax Ordinance - Section 705.17 of the Revised Code requires that an annual tax ordinance to determine the amount of the tax levy be prepared by the Mayor, under the direction of the Village Council. The section also requires the involvement of each office and department of the Village, comparative financial information for the previous years and the next year for each office, department, and division, a public hearing after at least one week's notice, approval of the Village Council, and submission to the County Budget Commission which shall fix the total maximum tax levy permitted to the Village for the ensuing year.

Section 705.18 of the Revised Code provides that an annual appropriation ordinance shall be prepared by the legislative authority of a municipal corporation from estimates submitted by the mayor, the chairman of the commission, or the city manager, as the case may be, in the manner provided in section 705.17 of the Revised Code for the annual tax ordinance. The annual appropriation ordinance shall be submitted to the legislative authority at its first meeting in January and the total of any appropriation ordinance passed by such legislative authority shall not exceed the total unencumbered balances carried over from the previous year plus the estimated receipts of the current year.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Budgetary System

(Continued)

Section 705.19 of the Revised Code provides that no money shall be drawn from the treasury of a municipal corporation, except in pursuance of appropriations made by the legislative authority, and whenever an appropriation is so made, the Fiscal Officer shall forthwith give notice to the Auditor and the Treasurer. Appropriations may be made in furtherance of improvements or other objects or work of the municipal corporation which will not be completed within the current year. At the end of each year, all unexpended balances of appropriations shall revert to the respective funds from which they were appropriated and shall then be subject to future appropriations.

#### Administrative Code Requirements

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The legal level of control is the level at which spending in excess of budgeted amounts would be in violation of law. This is established by the level at which the legislative body appropriates. For all local public offices subject to provisions of Chapter 5705 of the Revised Code, the minimum legal level of control is described in section 5705.38 of the Revised Code. The legal level of control is a discretionary decision made by the legislative authority and must meet or exceed the level prescribed in section 5705.38 of the Revised Code.

#### Methods Used by the Village

The Summit County Budget Commission has waived the requirement that the Village adopt a tax budget. In place of the tax budget, the Budget Commission requires alternative tax budget information which includes the following schedules: Division of Taxes Levied, Statement of Fund Activity, Unvoted General Obligation Debt, Voted Debt Outside 10 Mill Limit and Tax Anticipation Note Schedule. The alternative tax budget information is prepared by the Fiscal Officer based on prior year actual receipts and expenditures, current year actual and estimated receipts and expenditures, and estimates for the next year available at the time of preparation. The alternative tax budget information for 2012 was adopted by the Council on July 5, 2011. Once the alternative tax budget is adopted, it is filed with the Budget Commission no later than July 20. The Budget Commission determines the amount of millage and calculates the estimated revenue by levy. The Budget Commission returns to the Village an Official Certificate of Estimated Resources.

The Budget Commission determines the financial needs and the corresponding tax rates to be charged on behalf of the Village. The Budget Commission then prepares and submits to the Village the Resolution Accepting Rates for Village Council's consideration. Village Council must accept or reject the rates outlined in the Resolution and file the Resolution with the Budget Commission by October 1. Village Council did not adopt the Resolution and did not file the Resolution with the Budget Commission for 2012.

The Village submits a Certificate of the Total Amount from All Sources Available for Expenditures and Balances to the County Fiscal Officer after year end closing. The Certificate identifies the actual year end fund balances for each fund of the Village. The County Fiscal Officer then returns to the Village an Amended Certificate of Estimated Resources.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Budgetary System

(Continued)

The appropriations are based upon prior years' history and currently known facts. Appropriations are established at the fund, function and object level for the General fund and at the fund and function level for all other funds. Once approved, the appropriation ordinance is submitted to the Budget Commission. Appropriations are entered into the accounting system after they are passed but before the Village has received a certificate from the Budget Commission that appropriations from each fund do not exceed the official estimate of resources. This is due to timing of receiving the certificate from the County Fiscal Officer.

The Fiscal Officer compares estimated revenues and appropriations to actual revenues and expenditures on a monthly and cumulative basis.

#### Auditor of State Comments

1. No appropriation measure is effective until the Summit County Fiscal Officer files a certificate that the total appropriations from each fund do not exceed the total official or amended official certificate of estimated resources. The Village should ensure that this certificate is received from the Summit County Fiscal Officer in a timely manner so that obligations are not authorized against appropriations before they actually go into effect.
2. During 2011, the Village had deficit fund balances contrary to Section 5705.10, Revised Code. The Fiscal Officer should review the available fund balance in addition to the appropriations to ensure sufficient cash will exist in the fund when the obligation comes due.
3. Appropriations exceeded estimated resources in the General Fund and the Fire/EMS Operating Levy Fund contrary to Section 5705.39, Revised Code. The Fiscal Officer should compare appropriations to estimated resources to determine if an appropriation request will be within estimated resources.
4. Village Council must accept or reject the rates outlined in the Resolution and file the Resolution with the Budget Commission by October 1. Village Council should adopt and file the Resolution with the Budget Commission by October 1.
5. The Village does not have a policy governing budgetary procedures to prevent material noncompliance with the Ohio Revised Code. The Village should adopt a policy governing budgetary procedures that includes, but is not limited to: Required dates to certify tax levies, available revenue; Passage of official certificates of available revenue; Passage of annual appropriation measures; Amending or supplementing certificates of estimated resources and appropriations; Monitoring budgeted and actual revenue and expenditures.

## **Village of Lakemore – Summit County**

### **Report on Accounting Methods**

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#### **Chart of Fund and Account Codes**

##### **Description of an Effective Chart of Fund and Account Codes**

Common terminology and classification should be used throughout the budgeting, accounting, and financial reporting activities. The consistent use of fund and account codes is necessary to classify and summarize receipt and disbursement transactions. Fund codes should allow for the classification and identification of fund types and the individual funds. Receipt and disbursement codes should allow the transactions to be summarized by major revenue source or disbursement program. Major object codes for disbursements should be used consistently throughout the various program/activity codes.

The Village should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established.

##### **Statutory Requirements**

The creation of funds is authorized by section 5705.09 of the Revised Code. Section 5705.13 of the Revised Code allows for the creation of a reserve balance for budget stabilization, for the payment of claims under a self-insurance program, and for the payment of claims under a retrospective workers' compensation plan. This section also allows for a special revenue fund to accumulate resources for the payment of sick and vacation leave. Additionally, it allows for creation of capital projects funds to accumulate resources for up to ten years for the acquisition, construction, or improvement of capital assets. Funds may also be established under section 5705.12 of the Revised Code with the written approval of the Auditor of State.

##### **Methods Used by the Village**

The Village is using the State software known as Uniform Accounting Network (UAN). This system utilizes a numeric account coding system outlined in the Village Officers' Handbook.

##### **Auditor of State Comments**

1. The Village has established funds without proper authorization from the Auditor of State and/or outside of those allowed by State statutes. The Village should establish new funds in accordance with Section 5705.09 of the Revised Code or by request to the Office of the Auditor of State as outlined in Auditor of State Technical Bulletin 1999-006.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Accounting Journal and Ledgers

##### Description of Effective Accounting Journals and Ledgers

The accounting journals and ledgers of the Village should provide ongoing and timely information on estimated and actual receipts, disbursements, and encumbrances compared to the appropriation authority and available cash balances for each fund. The information captured for each transaction should allow the transaction to be traced throughout the journals and ledgers and back to the document that originated the transaction.

##### Administrative Code Requirements

Ohio Administrative Code section 117-2-02(A) requires that all local public offices maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance related legal and contractual requirements, and prepare financial statements required by Ohio Administrative Code section 117-2-03.

Section 117-2-02(C)(1) of the Ohio Administrative Code requires all local public offices integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized receipts and remaining uncommitted balances of appropriations.

Section 117-2-02(D) of the Ohio Administrative Code states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Such records should include the following:

Cash Journal - The cash journal is the book of original entry for recording all cash receipts and disbursements processed in the Fiscal Officer's office. The cash journal presents receipts deposited to and checks drawn against the Village treasury and the fund to which the receipts and checks were recorded. Entries to the cash journal are posted sequentially by date from source documents, such as pay-in-orders and checks. The related pay-in-order or check number, account codes, and date are also recorded for each transaction. At the end of each month, month-to-date totals and year-to-date totals are to be recorded.

Receipts Ledger - The receipts ledger is used to summarize receipts by fund and account. In addition, the estimated receipts and uncollected balance is presented for each source of revenue. Estimated receipts are recorded from the detail and/or supplemental information used in the preparation of the tax budget and is adjusted for any amendments to the certificate of estimated resources. Receipt transactions are posted from the cash journal based on the account code. A balance reflecting the estimated amount remaining to be received is maintained. At the end of each month, month-to-date totals, and year-to-date totals are to be recorded.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Accounting Journals and Ledgers

(Continued)

Appropriation Ledger - The appropriation ledger is used to summarize appropriations, disbursements, and encumbrances by fund and account. In addition, the ledger should reflect the encumbering of obligations of the Village, identify the check issued for the payment of the obligation, and accommodate any adjustments to an appropriation account. The ledger also facilitates budgetary control by enabling the Fiscal Officer to keep the Village's disbursements and encumbrances within the amounts appropriated by Village Council. The unencumbered appropriation balance provides information on the amount available for disbursement. At the end of each month, month-to-date totals and year to date totals are to be recorded.

#### Methods Used by the Village

The Village utilizes the Uniform Accounting Network (UAN). All reports required by the Revised Code are available and accessible with the UAN software.

The Fiscal Officer prints various reports at month end to support the monthly activity. At any time, the Fiscal Officer is able to print reports for any month requested. Up to five years of prior information can be maintained on the UAN system.

#### Auditor of State Comments

1. The Village does not have written month-end closing procedures which includes a list of reports to be prepared and distributed.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Receipt Transactions

##### Description of an Effective Method for Recording Receipts

The receipting process should allow for the consistent classification and identification of each receipt. All receipts should be promptly recorded, safeguarded, and deposited in accordance with State statute. The receipt or pay-in-order form should be a multi-part form that is pre-numbered and issued consecutively. The receipt should identify the name of the entity and reflect the date received, the payer, the amount, the purpose or nature of the receipt, the account code, and the signature of the person preparing the receipt. Supporting documents should be attached to a copy of the receipt and filed numerically or by payer. Departmental receipts should be summarized and remitted to the finance department daily. The finance department should issue pay-in-orders to those departments depositing daily collections to the finance department and for any payments received from the public. The pay-in-order forms should be a multi-part, pre-numbered form that reflects the name of the entity, the date received, the payer, the amount, the purpose or nature of the receipt, the account code, and the signature or name of the person preparing the pay-in-order. Supporting documents should be attached to a copy of the pay-in-order. All receipts or pay-in-orders should be recorded in the cash journal and receipts ledger in a timely manner. Adequate safeguards should be in place to ensure that one individual does not have total control over the receipting of monies, depositing of monies, posting of receipts, and reconciliation of bank accounts.

##### Statutory Requirements

Section 9.38 of the Revised Code provides that a person who is a public official, employee, or agent shall deposit all public monies received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt if the total amount of such monies received exceeds one thousand dollars. If the total amount of the public monies so received does not exceed one thousand dollars, the person shall deposit the monies on the business day next following the day of receipt unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt for making such deposits, and the person is able to safeguard the monies until such time as the monies are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

Section 733.40 of the Revised Code requires all fines, forfeitures, and costs in ordinance cases, and all fees that are collected by the Mayor that in any manner come into the Mayor's hands, or that are due the Mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all monies received by the Mayor for the use of the municipal corporation shall be paid by the Mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the Mayor shall submit a full statement of all monies received, from whom and for what purposes they were received, and when they were paid into the treasury.

##### Administrative Code Requirements

Section 117-2-02(D)(1) of the Ohio Administrative Code requires the date, amount, receipt number, account code, and any other information necessary to properly classify the receipt transactions to be recorded in the cash journal. Section 117-2-02(D)(2) of the Ohio Administrative Code requires the amount, date, name of the payer, purpose, receipt number, and other information required for the transactions be recorded in the receipts ledger.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Receipt Transactions

(Continued)

#### Methods Used by the Village

The Village's primary sources of revenue include income taxes, property taxes, State and local grants and utility billing receipts. The Village also collects receipts for ambulance services and permit fees. The Fiscal Officer and the Billing Clerk handle all receipts.

#### Billing Clerk:

The Billing Clerk, who sits at the Village's front desk window, collects all utility receipts and fees for permits. The Billing Clerk prepares a three part handwritten receipt for each individual receipt collected. The white copy of the handwritten receipt is given to the Fiscal Officer, the yellow copy is given to the customer and the pink copy is kept in the receipt book. The daily receipts are secured in a locked drawer.

Once a day, the Billing Clerk counts all monies and prepares a two part deposit slip for all utility receipts and a second two part deposit slip for all permit fee receipts. The daily receipts along with the deposit slips and a copy of each handwritten receipt are brought to the Fiscal Officer. The Fiscal Officer recounts the monies to verify the totals on the deposit slips and then signs in the corner of each deposit slip.

Utility Receipts - The Billing Clerk sends out utility (water, sewer and trash) bills quarterly. Rates are established by Village Ordinance. The Public Services department reads the meters for all customers and presents the information, written on a sheet of paper, to the Billing Clerk. The Billing Clerk posts the meter readings to the computerized utilities billing journal and updates customer billing balances.

Utility bills are printed from the utility billing system. The bills are mailed quarterly on the 30<sup>th</sup> of the month and are due on the 18<sup>th</sup> of the following month. The customer has three options for payment: (1) present the bill stub and payment in person to the Billing Clerk, (2) pay by mail or (3) the customer may pay the bill by dropping the payment into the drop deposit slot at the Village office. The Billing Clerk keeps all billing stubs and files them by month in a filing cabinet.

The Billing Clerk completes a two part deposit slip for all daily utility payments received. The Billing Clerk also writes in the subtotals for water, sewer and trash receipts on the deposit slip.

Payments are recorded in the computer billing journal on a daily basis. A report is generated from the utility billing system that lists each individual customer's payment with a grand total of all payments made that day. This report is compared to the daily deposit slip to verify that all payments have been processed in the utility billing system and that all payments are included on the deposit slip.

The Billing Clerk reviews and updates customer accounts for past due balances and runs a report with all delinquent accounts which is reviewed and signed by the Fiscal Officer. The delinquent customers are scheduled for utility service shut-off after they receive a shut-off letter followed by a shut-off tag.

Permit Receipts – The Billing Clerk receives payments for permit fees. The payments are typically made in person. The customer will fill out a permit application. The application form is given to the Village inspector who signs and approves the form. The approved application is returned to the Billing Clerk who then prepares a permit certificate. The customer is given a permit certificate and a copy of the approved application. The Billing Clerk also retains a copy of the permit certificate and application for the Village's records. The Billing Clerk takes the customer's payment and fills out a handwritten receipt. The yellow copy of the handwritten receipt is given to the customer.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Receipt Transactions

(Continued)

#### Fiscal Office:

Each afternoon, the Fiscal Officer receives the Billing Clerk's daily receipts along with a copy of each handwritten receipt and the deposit slips. The Fiscal Officer recounts the monies and verifies that the totals on the deposit slips are correct.

The Fiscal Office receives property taxes, income taxes and ambulance service receipts by wire transfer to the Village's checking account. The Fiscal Officer reviews the online daily activity report of the general checking account for wire transfers that have been received. The Fiscal Officer identifies the proper account codes and records the gross receipts to the proper revenue account. Any deductions, such as administrative fees, are booked as memo expenditures. The Fiscal Officer verifies that the gross amounts booked for receipts and expenditures net to the amount that was wire-transferred to the bank.

State and local grant monies are typically received by check. The Fiscal Officer will fill out a two part deposit slip for the receipts and secure them in a locked file cabinet in his office.

Once the daily deposit is ready to be made, the Fiscal Officer gives all receipts along with the deposit slips to the Billing Clerk who takes the deposits to the bank. The Billing Clerk waits for the deposit to be counted and the amount validated by the bank. The white copy of the deposit slip goes to the bank and the yellow copy is attached to the bank receipt and given to the Fiscal Officer.

After the deposit has been made, the Fiscal Officer will enter the daily receipts into a receipt log and assign a receipt number to each receipt. The information entered into the receipt log includes the date and source of the receipt, a description of the receipt, the receipt amount and the receipt number. The Fiscal Officer uses the receipt log to post the receipts to the UAN system. The system automatically assigns the next available system receipt number consisting of a number followed by the year. The Fiscal Officer enters the receipt number from his receipt log as a memo line on the system receipt for easier tracking and reference. The system receipt is printed out and stapled behind the yellow copy of the deposit slip and the bank receipt along with any supporting documentation and filed in a monthly folder by receipt number.

At the end of each month, a receipt register is printed from UAN showing the receipt number assigned by UAN, the date, the type of receipt (standard, memo, or interest), the source of the receipt, the account code, a brief description and the amount. The receipt register and the deposit slips are compared to the bank statement to determine outstanding deposits, if any.

Income Tax Receipts – The Village levies a two percent income tax on all income earned within the Village as well as income of residents earned outside the Village. The Village allows a credit for taxes paid to another municipality not to exceed 50 percent of the total amount assessed. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village quarterly. It is mandatory that all Village residents and corporations file tax returns.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Receipt Transactions

(Continued)

Income tax withholdings, quarterly estimates, and payments filed with the return are sent to Regional Income Tax Agency (RITA) who administers the Village's income tax. Income tax receipts are deposited electronically by RITA twice a month into the Village's checking account. The amount deposited is net of RITA's administration fee. This fee is based on the amount of taxes collected not to exceed five percent. The Village receives a distribution report from RITA within a couple of days after the deposit reflecting the amount of income taxes collected during the month less the collection fee. The Fiscal Officer records the gross amount of income taxes collected in the accounting system and records the collection fee as a disbursement. All income tax revenue is recorded in the General Fund.

*Ambulance Service Receipts* – The Village contracts with Life Force Management for ambulance service billing and collection. Ambulance service receipts are received by check as well as deposited electronically by Life Force Management into the Village's checking account. The amount deposited is at gross. Life Force Management's also sends a bill to the Village for a collection fee. The Village receives a monthly distribution report from Life Force Management reflecting the amount collected during the month as well as the bill for their collection fee. The Fiscal Officer records the gross amount of ambulance service charges collected in the accounting system and records the collection fee as a disbursement. Ambulance service charges are recorded in the Emergency Medical Services Fund.

#### Auditor of State Comments

1. Several of the Village departments that receive cash do not have written policies to ensure the cash is collected and remitted properly. The Village should adopt a policy for each department that receives cash to ensure there are procedures for issuing receipts, safe guarding the cash until it is deposited with the bank or Fiscal Officer, and the supporting documentation that is required to be given to the Fiscal Officer to support the receipt.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Purchasing Process

##### Description of an Effective Method for Purchasing

The process of purchasing goods or services should ensure that each transaction is properly authorized, documented, and recorded and the purchasing should be integrated with the budget. The process should include a justification of need and selection of the vendor with the best price, as well as authorization by an appropriate individual. In addition, authorization must include the Fiscal Officer's certification of the availability of funds and that the amount has been appropriated and is free from previously encumbered obligations. All purchase orders should be in written form clearly indicating the items, quantities, and unit cost. Authorized purchase commitments should be recorded against a budget line item in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

##### Statutory Requirements

Several State laws govern the purchasing process. The requirements are as follows:

Certification of the Fiscal Officer - Each contract or order for the disbursement of monies must be accompanied by a certificate of the Fiscal Officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing year, the amount required to meet the obligation in the year in which the contract is made, has been lawfully appropriated for such purposes and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's Fiscal Officer.

Blanket Certification of the Availability of Funds - The subdivision may utilize blanket purchase orders for authorizing obligations for a particular purpose that does not extend beyond year-end in an amount established by resolution of the Village Council. A general certification of this type may be established for any appropriation line item and need not identify a specific vendor. This type of purchase order is used for routine, recurring type items or for unanticipated emergencies. An itemized statement of obligations incurred and disbursements made under such certificate shall be rendered to the auditor or other chief fiscal officer before another such certificate may be issued, and not more than one such certificate per appropriation line shall be outstanding at a time.

"Super" Blanket Certification of the Availability of Funds - The super blanket certification permits the Fiscal Officer to certify any amount from a specific line item appropriation. The certification is authorized to be outstanding for any period up to the end of the year and more than one certificate is permitted to be outstanding at one time. The certification must identify a specific line item appropriation in a specific fund. The certification may be limited to a specific vendor, if desired. A list of obligations incurred and disbursements made under each certification must be maintained and provided by the Fiscal Officer.

Purchases that may be made through the use of a super blanket certificate are the services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor or appraiser by or on behalf of the subdivision, fuel oil, gasoline, food items, roadway materials, utilities, and any purchase exempt from competitive bidding under Revised Code section 125.04, and any other specific disbursement that is a recurring and reasonably predictable operating expense.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Purchasing Process

(Continued)

Then and Now Certification - It is intended that the Fiscal Officer's certification be secured at the time a purchase order is issued or a contract is executed. If timely certification was not obtained, contracts or purchase orders may be certified at the time of payment but the certification must indicate that, both at the time the order was placed (then) and at the current time (now), a sufficient sum was appropriated for the purpose of such contract and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. If the amount exceeds \$3,000, the Village Council has thirty days from the receipt of such certificate to approve payment by resolution. If approval is not made within thirty days, there is no legal liability on the part of the Village.

Authority to Contract - Contracts are approved by the Village Council and executed in the name of the Village by the Mayor, except as otherwise specified by State statute.

Bidding - All contracts calling for disbursements in excess of \$25,000 shall be in writing and made to the lowest and best bidder. Revised Code Section 731.14 requires that bids be opened and publicly read by the Fiscal Officer at the time, date, and place specified in the advertisement for bids. Village Council must authorize and direct all such disbursements. Exceptions to the bidding requirements include contracts for:

1. Personal services of a specialized nature;
2. Goods and services when only one source is available;
3. Work to be done or for the purchase of supplies and materials in any department of the Village if a real and present emergency exists;
4. The purchase of used equipment and supplies at a public auction or at a sale where bids are required by all parties wishing to purchase;
5. Purchases from other political subdivisions and agencies; and
6. Goods purchased under the State Cooperative Purchasing Program.

Findings for Recovery Database - Effective January 1, 2004, State statute (Revised Code section 9.24) prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to a person against whom a finding for recovery has been issued by the Auditor of State on or after January 1, 2001, if the finding for recovery is unresolved.

Per Auditor of State Bulletin 2004-006, a contract for purposes of Section 9.24 of the Revised Code is awarded when a written agreement is executed pursuant to a formal competitive contracting procedure that may include competitive bidding, requests for proposals, or invitations to bid. A purchase arrangement that does not involve competitive contracting procedures does not constitute the awarding of a contract and is not subject to Revised Code section 9.24. For purchases made from the State term schedule, the Ohio Department of Administrative Services engages in a contracting process as described under Attorney General Opinion 2004-014 and, consequently, is required to comply with Revised Code section 9.24. State agencies and political subdivisions that purchase from the State term schedule do not engage in their own contracting processes and are not subject to the provisions of Revised Code section 9.24.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Purchasing Process

(Continued)

Section 9.24 (G)(1)(a) of the Revised Code states that the only contracts subject to the provisions of the statute are those contracts in which the cost of goods, services, or construction exceeds \$25,000. Section 9.24 (G)(1)(b) of the Revised Code provides an exception to this rule and applies the statute to a contract awarded to any person who, in the previous year, received contracts from the State agency or political subdivision, the aggregate of which exceeded \$50,000.

Delinquent Personal Property Taxes - Section 5719.042, Revised Code, provides that after the award by a taxing district of any contract let by competitive bid and prior to the time the contract is entered into, the person making a bid shall submit to the Fiscal Officer a statement affirmed under oath that the person with whom the contract is to be made was not charged, at the time the bid was submitted, with any delinquent personal property taxes on the general tax list of personal property of any county in which the taxing district has territory or that such person was charged with delinquent personal property taxes on any such tax list, in which case the statement shall also set forth the amount of such due and unpaid delinquent taxes and any due and unpaid penalties and interest thereon. If the statement indicates that the taxpayer was charged with any such taxes, a copy of the statement shall be transmitted by the Fiscal Officer to the County Treasurer within thirty days of the date it is submitted.

Campaign Financing (HB 694) - Section 3517.13, Revised Code, states that any bid or unbid contract, purchase order or collective bargaining agreement with a value of more than \$10,000 requires the vendors to certify to the contracting authority that the vendor has not made a contribution to the contracting authority in an amount that exceeds the limits provided by law.

#### Administrative Code Requirements

Section 117-2-02(C)(2) of the Ohio Administrative Code states, “purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by Section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the Fiscal Officer’s certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.”

#### Methods Used by the Village

The Village Council has adopted a formal policy for the purchasing process. The policy states that department heads are responsible for approving purchases and the Fiscal Officer is responsible for certifying the availability of funds for a proposed purchase. The policy addresses the issuing of blanket purchase orders and “Then and Now” purchase orders. All department heads have a copy of the purchasing policy.

When a department decides that they need to purchase an item or obtain a service from an outside vendor, the department head completes a purchase order requisition form. The Finance department has created an Excel template of this form for department heads to use. The purchase order requisition form includes the originator, vendor, date, type and quantity of items requested, price and expenditure code. After filling in the template, the department head prints out two copies of the purchase order requisition. The department head signs one copy and submits it to the Fiscal Officer and retains the other copy for his or her records.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Purchasing Process

(Continued)

Purchase order requisition numbers are assigned by the department heads based on an alpha-numeric code which consists of three to four letters followed by a number followed by the year. For example, the Fire department uses the alpha code LFD in front of their requisition numbers. Each department tracks purchase order requisition numbers used and assigns the next available number to the purchase order requisition form.

A vendor list is maintained by the Finance Department. For new vendors, the department head contacts the vendor and gathers all the required information. The Fiscal Officer is only the individual who can add new vendors to the system.

The Fiscal Officer certifies that there are sufficient funds available for the purchase and signs the purchase order requisition form. The Fiscal Officer uses the information from the requisition to create a purchase order in the accounting system. The system automatically assigns purchase order numbers. The posting of the purchase order automatically records an encumbrance in the system.

The Finance department distributes two copies of the purchase order form. The Fiscal Officer retains the original copy of the purchase order and the other copy is sent to the department where the requisition originated. The vendors do not receive a copy of the purchase order but have been contacted and instructed by the Fiscal Officer to only fill an order if they have been given a purchase order number which they should reference on the invoice.

The Village Council receives a list of the new purchase orders at each Council meeting. Each Council member approves the purchase orders by signing a copy of the list.

The Village purchases goods and services with blanket purchase orders as needed. Blanket purchase orders are used for some recurring purchases such as utilities, fuel and chemicals for the water system. Village Council has not passed a resolution that limits the amount for which a blanket purchase order can be issued as required by the Ohio Revised Code.

The Fiscal Officer prepares “Then and Now” purchase orders for purchases without prior approval. A “Then and Now” purchase order is only issued if the purchase was necessary and appropriations are available. If not, the employee who initiated the purchase is responsible for payment. “Then and Now” purchase orders are included on the list of purchase orders that is presented to Council for approval.

The Village has one bank card to use for various purchases and a fleet account for fuel purchases with 14 cards. The Village has a policy for the use of these credit cards. The Fiscal Officer maintains control over the credit cards. Any employee may use the bank card provided there is a purchase order in place to cover the purchase. Once the purchase has been made the employee returns the bank card and the receipt to the Fiscal Officer. Each vehicle that is being used by the Village is assigned a fleet card which is kept in the car at all times. In order to use the card, the employee must enter their employee id and odometer reading of the car in order to initiate the purchase of fuel.

At the end of the year, the Fiscal Officer closes out all purchase orders.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Purchasing Process

(Continued)

Contracts that exceed \$25,000 are handled by the Mayor and the Fiscal Officer who is also serving the role of Village Administrator to make the necessary arrangements for public bidding. Bids are received at a set date at a bid opening and a list of vendors and bid amounts is created. The Mayor, Fiscal Officer and the Council President open and review the bids. The bid is awarded based on lowest and best bid.

#### Auditor of State Comments

1. The Fiscal Officer does not verify that new vendors have a W-9 on file. All vendors used by the Village should have a current W-9 on file before a purchase is made. The Village should have all new vendors fill out the IRS Form W-9 with all required information and the Fiscal Officer should approve the vendor before the Village makes purchases.
2. The Village does not use the Auditor of State Findings for Recovery Database when entering into contracts. Section 9.24 of the Revised Code prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State if that finding is unresolved.
3. Council has not passed a resolution setting the amount of blanket purchase orders as required by Section 5705.41(D) of the Ohio Revised Code. Blanket purchase orders used without Council having set a limit are not valid because the Village does not have the authority to use blanket purchase orders. Council should establish, by resolution, the maximum amount for blanket purchase orders to be issued by the Fiscal Officer.
4. “Then and Now” purchase orders in excess of \$3,000 are not being approved by Council resolution. The Village Council should approve through resolution “Then and Now” purchase orders for amounts in excess of \$3,000 within thirty days.
5. The Village does not keep minutes of bid openings for contracts. The Village should prepare and keep minutes for all bid openings.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Cash Disbursements

##### Description of an Effective Method for Cash Disbursements

The processing of invoices should ensure that each payment represents goods or services that were properly authorized and received by the Village. The processing should include a comparison of the invoiced items and quantities to the purchase order and billing slips or receiving copy of the purchase order, a comparison of the prices on the invoice to the purchase order, and the signature of the individual who made the comparisons. All invoices should be recomputed ensuring accurate extensions and totals. A voucher should be prepared reflecting the proper payee, invoice amount and account codes, and should include a copy of the purchase order, invoice and receiving report or a signed billing slip. Vouchers should be approved for payment by an appropriate official. A check should be prepared based on the completed voucher and the existence of appropriate vendor information (I.R.S. Form 1099 data), and a properly executed certification by the Fiscal Officer. All checks should be signed by the Fiscal Officer and the Mayor and recorded in the cash journal and appropriations ledger. Vouchers should be filed numerically or by vendor.

##### Statutory requirements

State law places the following requirements on the disbursement of funds:

Checks - Disbursements may only be made by a proper check drawn against an appropriate fund. The check must show upon its face the appropriation from which the disbursement is made and the fund which it is drawn upon.

Restrictions - Monies are drawn from the Village treasury only for appropriations enacted by Village Council. Disbursements from each fund may be used only for the purposes of such fund and to the extent that cash exists in the fund.

Certification - If no certificate of the Fiscal Officer is furnished as required, upon receipt by the Village Council of a certificate of the Fiscal Officer stating that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances, the Village Council may authorize the drawing of a check in payment of amounts due upon such contract, but such resolution shall be passed within thirty days from the receipt of such certificate; provided that, if the amount involved is less than \$3,000, the Fiscal Officer may authorize it to be paid without such affirmation of the Village Council, if such disbursement is otherwise valid.

##### Administrative Code Requirement

Section 117-2-02(C)(3) of the Ohio Administrative Code states “vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, account code, amount, approval, and any other required information.”

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Cash Disbursements

(Continued)

#### Methods Used by the Village

The department head who initiated the purchase requisition and the Fiscal Officer have the responsibility to ensure that goods and services are received prior to payment. The majority of invoices are received directly by the Fiscal Officer; however, some invoices are specifically addressed to the department. If the Fiscal Officer receives the invoice it is sent to the department where the requisition originated. The department head who receives the shipment of goods verifies the contents to the packing slip and the invoice. Once the goods or services have been verified as received, the invoice is signed by the department head and sent along with the packing slip to the Fiscal Officer.

Upon receiving the signed invoice, the Fiscal Officer matches it to the purchase order. The Fiscal Officer compares the items, quantities, and unit price on the purchase order to the invoice. If an invoice is wrong, the Fiscal Officer investigates why there is a difference and contacts the vendor to notify the vendor of the error. The error is then resolved accordingly.

The packing slip, invoice, requisition form and purchase order form waiting to be paid are paper clipped together and filed alphabetically in a separate vendor file known as the “to be paid file” in the Fiscal Officer’s office. The Fiscal Officer also records all invoices waiting to be paid on a log sheet. Once the invoice is paid the list is updated with the check number.

The Fiscal Officer enters the data that creates a voucher into the accounting system by entering the vendor, account code, invoice number, purchase order number and the amount of the invoice which creates a check in the system.

Prior to printing checks, the Fiscal Officer runs a batch total system report which shows the total dollar amount of the invoices. The Fiscal Officers verifies that sufficient funds are available to pay the invoices and prints the checks.

Checks are usually printed twice a month. If an invoice needs to be paid right away, the Fiscal Officer also has the option of cutting a single check from the system. Blank checks are kept in a locked safe in the Fiscal Officer’s office. Only the Fiscal Officer has access to the accounting system which is used to print checks. The Fiscal Officer and the Mayor compare the printed checks to the corresponding invoices to ensure that the checks are payable to the same vendor and the amount agrees to the invoice.

After being verified against the invoices the checks are signed. Checks require two signatures. There are three employees who have authority to sign checks: the Fiscal Officer, the Mayor and the Council President. In the absence of the Fiscal Officer or Mayor, the Council President will sign checks. The checks are signed manually. The Fiscal Officer then mails the check along with the remittance form and removes the voucher packet from the “to be paid file” and attaches a copy of the check to the front of it.

All checks have two copies. The original copy of the check is sent to the vendor along with the remittance form for payment. The white copy of the check is attached to the voucher packet.

The voucher packet includes the white copy of the check, the invoice, the original copy of the purchase order, the requisition form and any packing slips. All voucher packets are kept in a filing cabinet in the Fiscal Officer’s office and filed numerically by check number.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Cash Disbursements

(Continued)

Debt payments are all made by check processed by the Fiscal Officer.

Voided checks have “void” handwritten on them by the Fiscal Officer. They are filed numerically in with all other voucher packets.

Some obligations such as cell phone bills, Wright Express (fuel) and some utility payments are paid by electronic funds transfers. The Fiscal Officer provides billing information to the bank via the internet and funds are transferred to the vendors’ banks. A confirmation of payment is sent to the Fiscal Officer from the bank. This confirmation is attached to the invoice along with any other documentation supporting the transaction. The electronic funds transfer payment confirmations are compared to the bank statement as part of the monthly reconciliation process to determine if all electronic funds transfers are accurately reflected on the bank statement and in the accounting system.

Electronic fund transfers are automatically assigned a transaction charge number by the system. The charge number consists of the next available number followed by the year.

If an employee makes a purchase using a Village credit card, he or she is required to return the card to the Fiscal Officer along with the sales receipt as documentation for the purchase. Each month, the Fiscal Officer reconciles the sales receipts to the statement from the credit card company.

In the event of an emergency or prolonged absence of the Fiscal Officer, the Utility Clerk has been trained to use the accounting system to process cash disbursements. In this event, the Fiscal Officer would give his password for the accounting system to the Utility Clerk to allow her to access the system. Upon returning from absence, the Fiscal Officer would cancel his old password and choose a new password for access to the accounting system.

#### Auditor of State Comments

1. The Fiscal Officer did not prepare or file any Form 1099’s for services rendered by contractors which exceeded the \$600 limit. The Fiscal Officer should ensure all non-incorporated vendors paid more than \$600 for services rendered receive a 1099. In addition, the Form 1099s should also be filed with Internal Revenue Service.
2. The Fiscal Officer is not stamping and dating all invoices indicating the invoice was paid. The Fiscal Officer should stamp or note payment was made on invoices indicating payment by the Village.
3. The Village should ensure printed check/warrant numbers and dates match information input into the UAN system.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Payroll Processing

##### Description of an Effective Method of Payroll Processing

The processing of payroll should ensure that all employees are compensated on a regular basis for work performed and at the rate approved by the appointing authority. All compensation should be recorded in a permanent record reflecting the hourly rate and hours worked or salary, deductions, and the gross and net compensation for the pay period and the year. Standard deductions such as pension, Medicare, and state and federal taxes should be computed at the applicable rates established by the regulatory agencies. Other deductions permitted by the Village should be authorized by the employee and the authorization should be maintained in a file. Payment of the net compensation should be by a check signed by the appropriate official. Payment of deductions and the related employer obligations should be made timely and reported in the format prescribed by the regulatory agency. Personnel files should contain relevant employee information and any other information required by state and/or federal laws.

##### Statutory Requirements

The following State statutes apply:

Section 705.13 of the Revised Code requires the legislative authority of a municipal corporation to set, by ordinance, the salary of its members so that each shall be paid in equal monthly installments. For each absence from regular meetings of the legislative authority, unless authorized by a two-thirds vote of all members thereof, there shall be deducted a sum equal to 2 percent of such annual salary. Absence for ten successive regular meetings shall operate to vacate the seat of a member, unless such absence is authorized by the legislative authority.

Section 731.13 of the Revised Code requires the legislative authority of a Village to fix the compensation and bonds of all officers, clerks, and employees of the Village except as otherwise provided by law. The legislative authority must, in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. All bonds shall be made with sureties subject to the approval of the Mayor. The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed. This section does not prohibit the payment of any increased costs of continuing to provide the identical benefits provided to an officer at the commencement of his/her term of office.

##### Methods Used by the Village

Village Council approves the hiring of all employees. This approval is noted in the Village Council minutes.

There are forty-five employees within the Village, including the Mayor and Village Council. Regular employees are paid bi-weekly; the Mayor, Council, Village Solicitor and inspectors (zoning, building and electric) are paid monthly on the second pay date of every month. The pay period for all regular employees begins on Thursday and ends on Wednesday, 14 days later. Pay checks and earning statements are distributed to employees every other Friday. All employees are paid in accordance with the Village's pay ordinance. The latest ordinance approved for effective pay rates was passed in July 2012. Employees receive an earnings statement with each pay that indicates gross and net earnings, withholdings (year-to-date and for the pay period), leave usage during the pay period and leave balances as of the end of the pay period.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Payroll Processing

(Continued)

Personnel files are kept in the Fiscal Officers' office. The files contain forms for tax information, benefit information, direct deposit information, voluntary deductions, wage information, position information, hire date and any other information the Village chooses to retain about the employee. The employee record in the accounting system also contains the employee information. The Fiscal Officer can update employee records in the system.

All hourly employees except for firefighters use timecards and timesheets to track hours worked. The employee punches a timecard everyday which shows the dates worked, arrival time and departure time. The employee also prepares and signs a weekly timesheet that shows the dates, regular and overtime hours worked each day, a description of work performed, any leave taken and accumulated hours for the week. Two timesheets are submitted for each pay period. The timesheets are approved by the Fiscal Officer who also serves as the Village Administrator. The Fire Chief prepares and signs a single time report listing all employees in his department and the hours that each employee worked in a two week pay period. All firefighters are part-time employees and therefore do not work overtime.

The Fiscal Officer, Mayor, Village Council and Village Solicitor do not use timecards or timesheets for regular hours worked. The Fiscal Officer's regular pay is based on salary divided by 26 annual pays.

The Village does not pay out overtime hours worked but instead employees can accrue one and a half hours of comp time for every hour of overtime worked. Only full-time Public Service department employees (street, water, sewer, trash collection) are eligible to earn comp time. Comp time hours worked are recorded on the employee's timesheet. All comp time has to be approved by the Fiscal Officer.

Leave – Only full-time employees earn comp time, sick leave and vacation which is credited to each full-time employee at the appropriate accrual rates indicated in Village Ordinance. Vacation, sick leave and comp time usage is posted in the UAN system by the Fiscal Officer every pay according to the amount of time recorded on the timesheets and corresponding leave forms. The leave form is filled out by the employee and includes the employee's name, date of absences and the type of leave used. The leave form is approved by the Fiscal Officer or supervising foreman.

Vacation, comp time or professional leave must be approved in advance. Sick leave is not required to be requested in advance. However, upon returning from sick leave, the employee must fill out a leave form to be approved by the Fiscal Officer.

Payroll Deductions – Payroll, tax and retirement forms are distributed to each new employee or upon request to be completed and returned to the Fiscal Officer. The Fiscal Officer enters the employee's demographic and salary information into the system. The Fiscal Officer creates the employee record and notifies the appropriate retirement system of each new hire that is required to become a member.

Payroll deductions for OPERS, Social Security and Medicare are processed through the UAN system. After the last pay of each month, a report is run for OPERS and Social Security to determine the employer's share for each retirement system. The reports and payments for OPERS and Social Security are due the thirtieth of the following month. Employee contributions for OPERS and Social Security are due monthly.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Payroll Processing

(Continued)

Payroll Processing - The Fiscal Officer processes payroll every two weeks on Thursday. All payroll information must be received by Thursday morning following the end of the pay period. The Fiscal Officer checks the mathematical accuracy of the hourly employee's timecards and timesheets and enters the regular hours worked and any overtime hours worked. The Fiscal Officer also enters leave usage into the system which updates employees' leave balances. Currently, the Fiscal Officer does not track his own leave balances in the system but instead tracks them on an Excel spreadsheet which is reviewed by the Council Finance Liaison.

The Fiscal Officer prints the payroll checks by the end of the day Thursday. The payroll checks are manually signed by the Mayor and Fiscal Officer.

Direct deposits are submitted electronically by the end of the day Thursday. The Fiscal Officer prints out an EFT Batch Report from the system which totals the amount of direct deposits. After submitting the direct deposits, the Fiscal Officer logs onto First Merit Bank's website and verifies that the direct deposit amount on the bank webpage matches the total on the EFT Batch Report.

Electronic fund transfers are made for federal and state taxes and Social Security when due. Payments for OPERS are made online by logging into the OPERS website. Checks are printed for remaining payroll deductions, such as Village taxes and mailed to the appropriate government agencies.

Employees can pick up their pay stubs any time on payroll day in the Fiscal Officer's office.

#### Auditor of State Comments

1. There is no segregation of duties as the Fiscal Officer is the only one who processes and reconciles payroll and is responsible for making rate adjustments and changes to the employee master file.
2. The Fiscal Officer's leave balances should be entered and tracked in the system. The Council Finance Liaison should review all leave balances.
3. The Village has not adopted a comprehensive policy addressing the security of personal information as outlined in Section 1347.05 of the Revised Code. To help ensure compliance with the Ohio Revised Code, the Village should adopt a comprehensive policy addressing the security of personal information, as outlined, to protect personal information.
4. The Village has an "Employees Policies and Procedures Manual"; however, it should be updated to include items such as a Village organizational chart, formal policy for hiring personnel, written job descriptions for all Village employees, accounting procedures narratives (receipts/expenditures), related party policies, etc. The Village Council should update the existing "Employees Policies and Procedures Manual". The lack of certain formal policies and procedures creates an undefined system of accounting and reporting which could lead to a lack of segregation of duties, errors not being detected in a timely manner, and incorrect interpretations of the Village's rules and practices.

# Village of Lakemore – Summit County

## Report on Accounting Methods

### Debt Administration

#### Description of an Effective Method of Debt Administration

The issuance of debt is strictly controlled by State statute. An ordinance authorizing the issuance of debt must be passed by Village Council. The statute authorizing the issuance of debt should be identified in the ordinance as well as the purpose of the debt, the maturity, interest rate, and the source of revenue to be used for repayment. Debt proceeds should be recorded into a separate fund and used only for the purpose specified in the authorizing ordinance. Monies to be used for debt payments may be receipted into a separate fund created specifically for debt retirement. Care should be taken to ensure the timely payment of both principal and interest.

#### Statutory Requirements

General statutory guidelines regarding the issuance of debt are found in Chapters 133 and 5705 of the Revised Code. The statutory requirements vary depending on the nature of the debt being issued.

#### Methods Used by the Village

Debt issuances are authorized by Council ordinance. The ordinance identifies the purpose of the debt, the principal amount, the maturity date or dates, interest rate, and the source of revenue to be used for repayment.

The Fiscal Officer matches all bills received for debt to the appropriate amortization schedules to ensure that the correct debt payments are made. Debt payments are all made by budgetary check. All debt documents and amortization schedules are kept on file in the Fiscal Officer's office.

The Village's outstanding long-term obligations are as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Principal Outstanding 6/30/12</u>	<u>Pledged Revenues</u>
<b>Loans Payable</b>			
Ohio Water Development Authority Loan 5033	0.00%	\$9,716	Water Operations
Rural Community Assistance Partnership Loan	4.00%	34,969	Water Operations
<i>Total Loans Payable</i>		44,685	
<b>Lease</b>			
Fire Truck Lease	6.00%	59,045	General
<i>Total Debt</i>		\$103,730	

In 2009, the Village received a \$19,887 Ohio Water Development loan for the design of drinking water facilities improvements. The loan was issued for a ten year period with a final maturity on January 1, 2019. This loan will be paid from the water fund. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

In 2010, the Village received a Rural Community Assistance loan in the amount of \$40,000 for the installation of a new control panel for the water system. The Village will repay the loan beginning in January 2011 in monthly installments of \$405 including interest, over ten years. This loan will be paid from the water fund. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

**Village of Lakemore – Summit County**

**Report on Accounting Methods**

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**Debt Administration**

(Continued)

In 2009, the Village entered into a capital lease for a fire truck. This lease continues until February 2014 and will be paid from the general fund.

**Auditor of State Comments**

None.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Inventory of Capital Assets

##### Description of an Effective Inventory of Capital Assets

Capital assets of the Village should be adequately safeguarded against loss or theft. An inventory describing each item, cost, serial and/or model number, location, date of purchase should be maintained by the Fiscal Officer. The inventory should be updated periodically for purchases disposals. Verification of the listed assets should be performed at least annually. The disposal of an asset should be properly authorized and reported to the Fiscal Officer.

##### Administrative Code Requirements

Section 117-2-02(D)(4)(c) of the Ohio Administrative Code, requires that all local public offices should maintain capital assets records, including such information as the original cost, acquisition date, voucher number, asset type (land, building, vehicle, etc.), asset description, location, and tag number. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

##### Auditor of State Comments

1. The Village does not maintain an inventory of capital assets. Without an inventory of capital assets, the Village is unable to determine if there is adequate insurance coverage, whether assets have been lost or stolen, whether idle assets exist that can be sold to generate additional revenue, and whether assets are used in the most efficient manner. The Village should develop an inventory of all capital assets and update it annually. The Village should adopt policies and procedures to account for capital assets and develop an inventory of all capital assets.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Cash Management and Investing

##### Description of an Effective Method of Cash Management

Cash received by the Village should be deposited in a central bank account. Monies for all funds should be maintained in the account or temporarily used to purchase investments. Idle cash should be invested in interest bearing accounts, certificates of deposit, STAR Ohio, and/or other investments as authorized by State statute. Investment transactions should be conducted in accordance with the policies adopted by Village Council. Deposits of public monies should be insured and/or collateralized to insure repayment of public monies deposited with a financial institution. Interest allocated should be in accordance with the Ohio Constitution and State statutes.

A reconciliation between the bank and cash journal should be completed for all accounts on a monthly basis. The reconciliation should be completed immediately after the books are closed for the month and upon receipt of the bank statement. Reconciling items should be specifically identified and listed by the Fiscal Officer.

##### Statutory Requirements

Section 135.14(O)(1) of the Revised Code states, “Except as otherwise provided in divisions (O)(2) and (3) of this section, no treasurer or governing board shall make an investment or deposit under this section, unless there is on file with the Auditor of State a written investment policy approved by the treasurer or governing board. The policy shall require that all entities conducting investment business with the treasurer or governing board shall sign the investment policy of that subdivision”.

Section 135.14(O)(2) of the Revised Code states, “if a written investment policy described in division (O)(1) of this section is not filed on behalf of the subdivision with the Auditor of State, the treasurer or governing board of that subdivision shall invest the subdivision’s interim monies only in interim deposits pursuant to division (B)(3) of this section, no-load money market mutual funds pursuant to division (B)(5) of this section, or the Ohio subdivision’s fund pursuant to division (B)(6) of this section”.

Section 135.14(O)(3) of the Revised Code states, “Divisions (O)(1) and (2) of this section do not apply to a treasurer or governing board of a subdivision whose average annual portfolio of investments held pursuant to this section is one hundred thousand dollars or less, provided that the treasurer or governing board certifies, on a form prescribed by the Auditor of State, that the treasurer or governing board will comply and is in compliance with the provisions of sections 135.01 to 135.21 of the Revised Code”.

Section 135.22 of the Revised Code requires the Fiscal Officer to attend annual training programs of continuing education for treasurers provided by the Treasurer of State. A Fiscal Officer is not subject to this training if the investments are limited as defined by the Revised Code and an exemption form is certified by the Treasurer of State.

Section 135.12 of the Revised Code requires that the designation period for depositories be five years.

In addition to the training required by Section 135.22 regarding investing, Section 733.27 of the Revised Code requires that the Fiscal Officer attend annual training programs of continuing education for village clerks provided by the Auditor of State. This training encompasses a wide variety of topics.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Cash Management and Investing

(Continued)

#### Federal Requirements

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that, in order for a depositor to have a valid claim to assets of a failed financial institution, there must be a security agreement. This agreement must have been:

1. in writing;
2. executed by the financial institution and the depositor making the claim;
3. approved by the board of directors or loan committee of the institution; and
4. an official record of the financial institution continuously from the time of its execution.

#### Methods Used by the Village

The Village has one checking account. The Village does not have any investments.

First Merit Bank serves as the Village's only depository and receives all wire transfers and deposits. All checks are written against this account.

The UAN software provides a reconciliation from bank to books which is currently being utilized by the Fiscal Officer. The reconciliation is printed from the software and includes an outstanding checklist. Upon completion of the monthly reconciliation, the Mayor and Village Council review the bank reconciliation as printed from the UAN software.

Interest is not earned on the checking account.

While the Village adopted an investment policy on September 16, 2002, it has not been submitted to the Auditor of State nor has it been signed by the required financial institutions.

The Fiscal Officer attended the annual training programs of continuing education for village clerks provided by the Auditor of State.

#### Auditor of State Comments

1. The Fiscal Officer does not attend annual training provided by the State Treasurer's Office for investments. The Fiscal Officer is exempt from this training if the Village has no investments and the Fiscal Officer files an exemption form. The exemption form has not been filed. The Fiscal Officer should file an exemption form indicating the Village has no investments and the Fiscal Officer is exempt from the training requirements.
2. The Village is not required to have an investment policy as per section 135.14 of the Revised Code. However, the Village did not file an exemption form with the State Treasurer's office indicating the Fiscal Officer is exempt from the continuing education requirement as specified in Revised Code Section 135.22.
3. The Village should have those financial institutions that conduct investment business with the Fiscal Officer or Village Council sign and date the investment policy. Once properly signed and dated, the Village should file a signed copy of the investment policy with the Auditor of State.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Financial Reporting

##### Description of Effective Method of Financial Reporting

At least monthly, the Fiscal Officer should provide Village Council with a report that identifies the year-to-date receipts, disbursements, outstanding encumbrances, and available fund balances for each fund of the Village. In addition, information concerning the estimated and actual receipts, appropriations and disbursements plus encumbrances should be presented for Village Council's review. On an annual basis, the Fiscal Officer should prepare and publish financial statements, a comparison of budgeted versus actual information, a summary of debt activity for the year, and the outstanding principal balance on all debt obligations.

##### Statutory Requirements:

Section 117.38 of the Revised Code requires that the annual financial report be filed with the Auditor of State within sixty days after the close of the year for reports prepared on the cash basis of accounting. At the time the report is filed, a notice should be published in the local newspaper that the report is completed and available at the office of the Fiscal Officer.

Section 733.45 of the Revised Code states, "The treasurer of a municipal corporation shall settle and account with the legislative authority, quarterly, and at any other time which it by resolution or ordinance requires. At the first regular meeting of such legislative authority in January, each year, the treasurer shall report to it the condition of the finances of the municipal corporation, the amount received, the sources of such receipts, the disbursements made, and on what account during the year preceding. Such account shall exhibit the balance due on each fund which has come into the treasurer's hands during the year".

##### Administrative Code Requirements:

Ohio Administrative Code Section 117-02-03(A)(2) requires that local public offices file their annual financial report either in paper form or electronically in a manner and format prescribed by the Auditor of State. Ohio Administrative Code Section 117-02-03(D) requires the reports to be filed on the forms provided by the Auditor of State.

Financial Reporting Requirements - On February 2, 2005, the American Institute of Certified Public Accountants (AICPA) issued an interpretation of one of its auditing standards (i.e., AU Section 623 Special Reports) that affects those governments that prepare their financial statements using the cash or modified cash basis of accounting. According to the interpretation, the cash basis financial statement presentation must "look like" a general accepted accounting principles (GAAP) presentation (i.e., GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, once it became effective); otherwise, the Auditor of State or contracted independent public accounting firm is required to issue an adverse opinion. For entities that are not legally required to prepare their financial statement in accordance with GAAP and elect not to present "look alike" statements, (such entities in Ohio include libraries, townships, villages, and special districts), the Auditor of State will render a second opinion at the same time it issues its adverse opinion. Therefore; local governments receive two opinions as part of their audit report if their financial statements do not look like GAAP statements (i.e., GASB Statement No. 34).

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Financial Reporting

(Continued)

#### Method Used by the Village

Each month the following information is provided to the Village Council: the monthly bank reconciliation, the cash summary report by fund, the monthly receipt register, the monthly payment register, the revenue and appropriation status reports which compare estimated revenues and expenditures to actual amounts on a cumulative basis and a list of purchase orders for verification.

The annual financial report for the year ended December 31, 2011, was filed with the Auditor of State on a timely basis. In 2011 and prior years, the Village did not publish a notice of availability of the financial statements in the local newspaper.

#### Auditor of State Comments:

1. Council has not defined the type or frequency of the financial information to be reported to Council. Council should document the type and frequency of financial information to be reported to it.
2. At the time the annual financial report is filed with the Auditor of State, the Fiscal Officer must publish in the newspaper notice of the completion of the report and that the report is available for inspection. The Village has not published completion of the report in the newspaper for 2011 and prior years.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Recording Official Proceedings

##### Description of an Effective Method of Recording Official Proceedings

The Village Council's minutes should reflect full and accurate information to permit the public's understanding and appreciation of the rationale supporting Village Council's decisions. An ordinance, resolution, or bylaw should be limited to one subject, which should be clearly expressed in its title. In the adoption or passage of an ordinance, resolution, or bylaw, the yeas and nays should be entered into the minutes and the ordinance, resolution, or bylaw should be signed by the presiding officer and the Clerk of Council. All Village Council minutes, ordinances, and resolutions should be maintained as a permanent record of the Village.

##### Statutory Requirements

Section 121.22 of the Revised Code requires the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussion in executive sessions authorized under division (G) or (J) of this section. Further, the Ohio Supreme Court has held that the minutes must be "full and accurate", which means that they must contain sufficient facts and information to permit the public to understand and appreciate the rationale behind the relevant decision. The public not only has a right to know a government body's final decision on a matter, but also the means by which those decisions were reached.

Sections 731.20 through 731.25 of the Revised Code address the passage, style, number of subjects, authentication and recording, and publication requirements of Village Council's legislation. In general, no ordinance, resolution, or bylaw shall contain more than one subject, which shall be clearly expressed in its title. The copy of the proposed ordinance must be filed with the Clerk of Council and kept open for public inspection for ten days. Each ordinance, resolution, or bylaw is required to be adopted or passed by separate vote of Village Council and the yeas and nays shall be entered in the minutes. Ordinances, resolutions, and bylaws shall be authenticated by the signature of the presiding officer and clerk. Ordinances and resolutions must be published in an English-speaking newspaper once a week for two consecutive weeks. If no newspaper is published within the Village, copies of the ordinances and resolutions must be posted in no less than five most public places in the Village for not less than fifteen days prior to the effective date of the ordinances or resolutions or by publication in any newspaper in the State and of general circulation in the Village

Section 149.39 of the Revised Code creates in each municipal corporation a records commission composed of the chief executive or his appointed representative, as chairman, and the chief fiscal officer, the chief legal officer, and a citizen appointed by the chief executive. The commission shall appoint a secretary, who may or may not be a member of the commission and who shall serve at the pleasure of the commission. The commission may employ an archivist to serve under its direction. The commission shall meet at least once every six months and upon call of the chairman. The functions of the commission shall be to provide rules for retention and disposal of records of the municipal corporation and to review applications for one-time records disposal and schedules of records retention and disposition submitted by municipal offices.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Recording Official Proceedings

(Continued)

#### Method Used by the Village

Council meetings are held on the first and third Monday of each month. The Fiscal Officer takes hand-written notes of the proceedings during the meeting. The Village also records each Council meeting on video. From the notes and video recording, the Fiscal Officer prepares the minutes of the meeting. The minutes include who is in attendance, approval of prior meeting minutes, old and new business, committee and commission reports, a description of ordinances and/or resolutions and votes thereon, a summary of topics discussed, a presentation of finances and any other issues or concerns. Approved minutes are signed by the Mayor and the Fiscal Officer.

The Village passed a resolution in December 2010 establishing a records commission. The Village has policies in place that document record retention rules and the duties and rules of the record commission.

More recent minutes are stored in the Fiscal Officer's office and older minutes are stored in file boxes in the record retention room which is located in the garage area. The Fiscal Officer keeps the current year's minutes in a binder in his office. Plans are in place to put the minutes on the Village's website in the near future.

The Village publishes ordinances in accordance with Ohio Revised Code. The Fiscal Officer keeps ordinances and resolutions in his office in a binder by year. The binder includes an index of the ordinances and resolutions. Plans are in place to put current and prior years' ordinances and resolutions on the Village's website in the near future.

#### Auditor of State Comments

1. Section 731.17(A)(2) of the Revised Code requires each ordinance or resolution be read on three different days, provided the legislative authority dispenses with this rule by a vote of at least three-fourths of its members. Village Council has passed numerous ordinances and resolutions as emergency measures. This could result in Council attempting to circumvent certain laws and regulations. Council should follow the appropriate steps as they pertain to this Section and vote on suspending rules whenever they choose to pass an ordinance as an emergency only if it truly is an emergency measure.
2. Section 149.43(E)(1) of the Revised Code requires that all employees of public offices are appropriately educated about a public office's obligations under division (B) of this section, all elected officials or their appropriate designees shall attend training approved by the Attorney General as provided in section 149.43 of the Revised Code. Village Council members or their designee should obtain public records training for each term of office. If a designee is appointed, evidence of the designation should be formally documented.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Recording Official Proceedings

(Continued)

3. Section 149.43(E)(2) of the Revised Code provides the public office shall distribute the public records policy adopted by the public office under division (E)(1) of this section to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy. The public office shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. The Village should obtain an acknowledgement of receipt of the public records policy from the designated records manager. The Village should create a poster describing the public records policy and post it in a conspicuous place for the public to view, such as the Village's website, the Village hall, and/or their employee manual or handbook.
  
4. The Fire Department receives monthly and annual reports from Northcoast Physicians Services and Life Force Management Inc., documenting the number of Emergency Medical Service (EMS) runs, delinquencies, and write-offs. The Village Council should review and approve within their meeting minutes all EMS reports in a timely manner. This will help ensure the proper monitoring of the Village's financial activity is taking place.

## Village of Lakemore – Summit County

### Report on Accounting Methods

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#### Conclusion

The methods as described by the Village and included in this report are based on our inquiries and discussions with Village personnel and the related procedures documented from the Village's ordinances, administrative rules and the Revised Code. These methods, in some cases, vary from the actual methods used in performing the daily activities.

It is our opinion that the current methods of the accounting and financial reporting of the Village of Lakemore are not completely in compliance with Chapter 117 of the Revised Code and the requirements of the Auditor of State as disclosed throughout this report.

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# Dave Yost • Auditor of State

VILLAGE OF LAKEMORE

SUMMIT 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  
OCTOBER 11, 2012