



**VILLAGE OF JEFFERSON
ASHTABULA COUNTY
Agreed-Upon-Procedures
For the Years Ended December 31, 2018 and 2017**

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Marietta, OH 45750
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1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

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St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Jefferson
27 East Jefferson Street
Ashtabula, Ohio 44047

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Jefferson, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Jefferson is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

August 30, 2019

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VILLAGE OF JEFFERSON
ASHTABULA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

July 1, 2019

Village of Jefferson
Ashtabula County
27 East Jefferson Street
Ashtabula, Ohio 44047

To the Village Council, Mayor, and Management:

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the **Village of Jefferson**, Ashtabula County (the Village) and the Auditor of State on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2017 balances in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. We found no exceptions.

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Cash and Investments (Continued)

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.
6. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Audit Trail Report. The amounts agreed.
 - b. We inspected the Revenue Audit Trail Report to confirm the receipt was allocated to the proper fund as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Audit Trail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Audit Trail Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Revenue Audit Trail Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the Ashtabula County Payment Register from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Audit Trail Report. The amounts agreed.
 - b. We inspected the Revenue Audit Trail Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Revenue Audit Trail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We compared the allocation of income tax receipts for the years ended December 31, 2018 and 2017 to the Village's funds according to the allocation requirements of Ordinance No.3024. The allocation agreed with the percentages the Ordinance requires.
2. We selected a sample (agreed upon) of five income tax returns filed during 2018 and five from 2017.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the receipt. The amounts agreed.
 - b. We compared the receipt total from procedure a. to the amount recorded as income tax receipts in the Receipts Journal for that date. The amounts agreed.
3. We compared the date of the receipts to the date the receipts was posted in the Receipt Journal to determine whether the receipts were recorded in the year received. We found no exceptions.
4. We selected a sample (agreed upon) of five income tax refunds from 2018 and five from 2017.
 - a. We compared the refund paid from Income Tax Refund Listing to the refund amount requested in the tax return. The amounts agreed.
 - b. We observed the approval by the Income Tax Clerk on each of the refunds. No exceptions were found.
 - c. We observed the refunds were paid from the General, Safety, and Capital Improvement Funds as is required.

Sewer and Refuse Fund Receipts

1. We selected a sample (agreed upon) of 10 Sewer and Refuse Fund collection cash receipts from the year ended December 31, 2018 and 10 Sewer and Refuse Fund collection cash receipts from the year ended 2017 recorded in the Receipts Journal and determined whether the:
 - a. Receipt amount per the Receipts Journal agreed to the amount recorded to the credit of the customer's account in the Billing Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Journal for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds and was recorded in the year received. We found no exceptions.
2. We observed the Aged Trial Balance.
 - a. This report listed \$37,758 of accounts receivable as of December 31, 2018. The Village was unable to create this report for 2017 as their accounting software malfunctioned during the audit period.
 - b. Of the total receivables reported in the preceding procedure, \$5,263 was recorded as more than 90 days delinquent.
3. We observed the Adjustment Journal.
 - a. This report listed a total of \$37,980 and \$35,272 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
 - b. We selected a sample (agreed upon) of five non-cash adjustments from 2018 and five non-cash adjustments from 2017, and observed that the Administrator approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2016. These amounts agreed to the Villages January 1, 2017 balances on the summary we used in procedure 3.

| Issue | Principal outstanding as of December 31, 2016: |
|-----------------------------------|---|
| Police Cruiser Loan | \$ 11,608 |
| Pierce Fire Truck – Capital Lease | \$ 86,038 |
| Eagle Compressor Breathing Air | \$ 45,000 |
| West Cedar Street | \$ 32,886 |
| Recreation Facility Bond | \$ 595,000 |
| Senior Van Loan | \$ 4,920 |
| WWTP Loan 0137 | \$ 8,501 |
| WWTP Loan 2014 | \$ 12,199 |
| OPWC Loan CG02K | \$ 93,750 |
| OPWC Loan CG70M | \$ 91,976 |
| OPWC Loan CG34N | \$ 28,485 |
| OPWC Loan CG39P | \$ 88,912 |
| OPWC Loan CG38I | \$ 268,320 |
| OWDA Loan 7340 | \$ 49,432 |
| OWDA Loan 5339 | \$ 15,893 |
| OWDA Loan 4741 | \$ 175,758 |

2. We inquired of management, and inspected the Revenue Transaction Ledger and the Expense Transaction Ledger for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of the loan debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to the debt service fund payments reported in the Expense Transaction Ledger. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Safety Services fund and Enterprise fund per the Revenue Audit Trail. The amounts agreed.
5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Village must use the proceeds to purchase a police cruiser, a police interceptor, and make sanitary sewer repairs on East Ashtabula Street. We inspected the Expense Transaction Ledger and observed the Village purchased a police cruiser and a police interceptor in July of 2017 and repairs were made to East Ashtabula Street.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Current Period Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Current Period Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2018. We observed the following:

| Withholding (plus employer share, where applicable) | Date Due | Date Paid | Amount Due | Amount Paid |
|---|------------------|-------------------|-------------------|--------------------|
| Federal income taxes & Medicare (and social security, for employees not enrolled in pension system) | January 31, 2019 | December 21, 2018 | \$ 5,725.54 | \$ 5,725.54 |
| State Taxes | January 15, 2019 | December 26, 2018 | \$ 2,255.85 | \$ 2,255.85 |
| OPERS | January 30, 2019 | January 25, 2019 | \$ 23,958.72 | \$ 23,958.72 |
| OP&F | January 31, 2019 | January 29, 2019 | \$ 8,700.92 | \$ 8,700.92 |
| Local Taxes | January 31, 2019 | December 31, 2018 | \$ 1,542.33 | \$ 1,542.33 |

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Expense Audit Trail Report for the year ended December 31, 2018 and ten from the year ended 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Expense Audit Trail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found thirteen instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Report for the General, Street Construction Maintenance & Repair, and State Highway Funds for the years ended December 31, 2018 and 2017. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system for the General, Street Construction Maintenance & Repair, and State Highway Funds. The Revenue Report recorded budgeted (i.e. certified) resources for the General, Street Construction Maintenance & Repair, and State Highway Funds of \$922,538, \$124,751, and \$11,530, respectively, for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$851,165, \$122,572, and \$21,611, respectively. Also, the Revenue Report recorded budgeted (i.e. certified) resources for the General, Street Construction Maintenance & Repair, and State Highway Funds of \$844,574, \$122,371, and \$21,611, respectively, for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$811,275, \$125,360, and \$23,260, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Street Construction Maintenance and Repair, and State Highway Funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Expense Account Report for 2018 and 2017 for the following funds: General, Street Construction Maintenance and Repair, and State Highway Funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Expense Account Report for the General and State Highway Funds by \$13,048 and \$250, respectively, in 2017. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Expense Account Report for the General, Street Maintenance & Repair, and State Highway Funds by \$10,867, \$2,421, and \$1,332, respectively, in 2018.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction Maintenance and Repair, and State Highway Funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Street Construction Maintenance and Repair, and State Highway Funds, as recorded in the Expense Account Report. We observed that State Highway Fund expenditures for 2018 and 2017 exceeded total appropriations by \$747 and \$26, respectively, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.

Compliance – Budgetary (Continued)

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Reports and Expense Account Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Expense Account Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Statement of Cash Position with Month to Date for the years ended December 31, 2018 and 2017 for negative cash fund balances. Ohio Rev. Code Section 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Expense Account Report for the years ended December 31, 2018 and 2017 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007, in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.

Other Compliance (Continued)

2. Ohio Rev. Code § 109.60(A)(1) requires Law Enforcement of Villages to report specific information to the Bureau of Criminal Identification and Investigation (BCI) for certain offenses. Village Law Enforcement shall immediately upon arrest of any person (or taking into custody for any child under 18) take and forward the person's or child's fingerprints. We inspected the NICS Process form to determine if there is an established method of fingerprint submission to BCI. The Village has an established method for fingerprint submission to BCI.
3. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - a. We inspected the established policy obtained above and determined they are:
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.We found no exceptions.
 - b. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF JEFFERSON

ASHTABULA 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
SEPTEMBER 12, 2019**