



Dave Yost • Auditor of State

VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of New Concord
Muskingum County
2 West Main Street
P.O. Box 10
New Concord, Ohio 43762

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of New Concord, Muskingum County, Ohio (the Village), have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the year ended December 31, 2012, including mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2012 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Report to the December 31, 2011 balances in the prior year audited statements. We found no exceptions.
3. We agreed the total per the bank reconciliation to the total of the December 31, 2012 fund cash balances reported in the Fund Report. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.

Cash and Investments (Continued)

5. We selected five outstanding checks haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each outstanding check to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the outstanding checks were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2012 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.444. 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 2012:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Entry Journal. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Entry Journal to determine whether it included two real estate tax receipts for 2012. We noted the Revenue Entry Journal included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012. We also selected five receipts from the County Auditor's Detail Expense Report from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Entry Journal. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2012.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Cash Receipt Journal. The amounts agreed.
 - b. We compared the Cash Register Journal total from step a. to the amount recorded as income tax receipts in the Daily Report-Cash Received for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.

Income Tax Receipts (Continued)

3. We selected five income tax refunds from 2012.
 - a. We compared the refund paid from Check Register Report to the refund amount requested in the tax return and Claim for Refund form. The amounts agreed.
 - b. We noted each of the refunds was approved by the Village Administrator.
 - c. We noted the refunds were paid from the General Fund as is required.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 recorded in the Edit List Detail Report and determined whether the:
 - a. Receipt amount per the Payment Stub agreed to the amount recorded to the credit of the customer's account in the Edit List Detail Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Edit List for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period (usage per rate chart plus any applicable late fees). We found no exceptions.
 - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We read the Aged Receivables Report.
 - a. We noted this report listed \$30,191 of accounts receivable as of December 31, 2012.
 - b. Of the total receivables reported in the preceding step, \$29,870 was recorded as more than 90 days delinquent.
3. We read the Transaction List.
 - a. We noted this report listed a total of \$14,841 non-cash receipts adjustments for the year ended December 31, 2012.
 - b. We selected five non-cash adjustments from 2012, and noted that the Village Administrator approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following bonds, notes, loans and leases outstanding as of December 31, 2011. These amounts agreed to the Villages January 1, 2012 balances on the summary we used in step 3.

Debt (Continued)

Issue	Principal outstanding as of December 31, 2011:
2011 Truck Lease	\$42,560
Fire Truck Lease	\$339,695
2011 Cruiser Lease	\$24,800
Squad Lease	\$180,000
2007 Dump Truck Loan	\$13,238
2004 Various Purpose General Obligation Bonds	\$410,000
1994 OWDA North Friendship Loan	\$77,380
1994 OWDA Water Improvement Loan	\$659,755
2002 OWDA Wastewater Treatment Plant Improvements Loan	\$133,923
2006 OWDA Sanitary Sewer Replacement Loan	\$123,020
2008 Sludge Press Note	\$94,046
2009 OWDA Wastewater Treatment Plant Phase II Improvement Loan	\$13,217
2009 OPWC West End Sewer Loan	\$242,724
2011 Sewer Plant Bonds	\$408,000
2011 USDA Sewer Bonds	\$575,000

2. We inquired of management, and scanned the Monthly Revenue Report and Check Register for evidence of debt issued during 2012 or debt payment activity during 2012. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded, note, loan and lease debt activity for 2012 and agreed principal and interest payments from the related debt amortization schedules to the General, Street Maintenance, Fire & EMS, North Friendship Sewer Debt, Water Revenue, Sewer Revenue, and USDA Wastewater Treatment Bond Funds' payments reported in the Check Register. 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 Friendship Water Line Fund and Incentive District Fund per the Revenue Entry Journal. The amounts agreed.
5. For new debt issued during 2012, we inspected the debt legislation, noting the Village must use the proceeds to replace a water line and for improvements within the tax incentive district. We scanned the Check Register and noted the Village replaced the water line and began various improvements within the incentive tax district to include sidewalks, curbs and relocating power lines in 2012.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 from the Check Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Journal to supporting documentation (timesheets, minutes, and legislatively-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the ordinance. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in step 1 we determined whether the following information in the employee personnel file was consistent with the information used to compute gross and net pay related to this check:
 - a. Name.
 - b. Authorized salary or pay rate.
 - c. Departments and funds to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.

We found no exceptions related to steps a. – e. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	1/31/13	1/29/13	\$5,592.59	\$5,592.59
State income taxes	1/15/13	1/29/13	\$1,208.82	\$1,208.82
Village of New Concord income taxes	1/30/13	12/28/12	\$771.63	\$771.63
OPERS retirement	1/30/13	1/14/13	\$11,026.39	\$11,026.39
OP&F retirement	1/31/13	1/14/13	\$915.17	\$915.17

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Payroll Journal:
 - a. Accumulated leave records.
 - b. The employee's pay rate in effect as of the termination date.
 - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Check Register for the year ended December 31, 2012 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 Check Register and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Mayors Court Transactions

1. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor).
 - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed, except one instance representing a partial payment of a judgment, which is not an exception.

2. From the cash book, we haphazardly selected one month from the year ended December 31, 2012 and determined whether:
 - a. The monthly sum of fines and costs collected for the month agreed to the amounts reported as remitted to the State in the following month. We found no exceptions.
 - b. The total remitted for the month per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the December Monthly Revenue Report for the General, Motor Vehicle License Tax and Street Levy Funds for the year ended December 31, 2012. The amounts on the *Certificate* did not agree to the amounts recorded in the accounting system for the General, Motor Vehicle License Tax and Street Levy Funds. The December Monthly Revenue Report recorded budgeted (i.e. certified) resources for the General, Motor Vehicle License Tax and Street Levy Funds of \$0 for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,079,514 for the General Fund, \$4,300 for the Motor Vehicle License Tax Fund and \$93,394 for the Street Levy Fund. The Village 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 Village Council may be using inaccurate information for budgeting and to monitor spending.

Compliance – Budgetary (Continued)

2. We scanned the appropriation measures adopted for 2012 to determine whether, for the General, Motor Vehicle License Tax and Street Levy Funds, the Village 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 December Monthly Financial Statement for 2012 for the following funds: General, Motor Vehicle License Tax, and Street Levy. The amounts on the appropriation resolutions agreed to the amounts recorded in the December Monthly Financial Report except for the General and Street Levy Funds. For 2012, the December Monthly Financial Report recorded appropriations for the General Fund of \$1,012,640 and the Street Levy Fund of \$150,500. However, the appropriation resolution reflected \$1,056,500 for the General Fund and \$151,000 for the Street Levy Fund. The Village Fiscal Officer should periodically compare amounts recorded in the Monthly Financial Statement to amounts reflected on the appropriation resolution to assure they agree. If the amounts do not agree, the Village Council may be using inaccurate information for budgeting and monitoring purposes.
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, Motor Vehicle License Tax and Street Levy Funds for the year ended December 31, 2012. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the year ended December 31, 2012 for the General, Motor Vehicle License Tax and Street Levy Funds, as recorded in the December Monthly Financial Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Fund Report for evidence of new restricted receipts requiring a new fund during December 31, 2012. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Federal Emergency Management Agency (FEMA) Storm Fund during 2012 to segregate FEMA receipts and disbursements, in compliance with Section 5705.09.
7. We scanned the 2012 December Monthly Revenue Statements and December Monthly Financial Reports for evidence of interfund transfers Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Monthly Financial Report to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Check Register for the year ended December 31, 2012 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

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

This report is intended solely for the information and use of management, those charged with governance and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

Columbus, Ohio

September 30, 2013



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VILLAGE OF NEW CONCORD

MUSKINGUM 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 15, 2013**