

VILLAGE OF NEW RICHMOND

CLERMONT COUNTY

**JANUARY 1, 2011 TO DECEMBER 31, 2012
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Village Council
Village of New Richmond
102 Willow Street
New Richmond, OH 45157

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of New Richmond, Clermont County, prepared by Hurst, Kelly & Company LLC, for the period January 1, 2011 through December 31, 2012. 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 New Richmond is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 17, 2014

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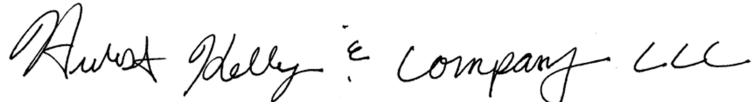
Independent Accountants' Report on Applying Agreed-Upon Procedures

Village of New Richmond
Clermont County
New Richmond, Ohio

We have performed the procedures enumerated in Attachment A, Schedule of Agreed-Upon Procedures, with which the Village Council and Mayor, and the management of the Village of New Richmond (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2012 and 2011, 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 in Attachment A, Schedule of Agreed-Upon Procedures, either for the purpose for which this report has been requested or for any other purpose.

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, the Auditor of State and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Hurst Kelly & Company LLC". The signature is written in a cursive, flowing style.

December 20, 2013

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2010 balances in the prior year audited statements. The amounts were not in agreement by the amount of the reconciled balance of the Mayor's Court Agency Fund at December 31, 2010 of \$5,551, which was not recorded in the UAN ledger, but was tracked separately by the Village using a "Mayor's Court-type" software program. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2011 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Cash Summary by Fund Reports. The amounts were not in agreement by the amount of the reconciled balances of the Mayor's Court Agency Fund at December 31, 2011 and 2012 of \$100, which was not recorded in the UAN ledger, but was tracked separately by the Village using a "Mayor's Court-type" software program.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (outstanding checks) haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

In connection with Cash procedure Number 5 above, we noted a reconciling debit on the December 31, 2012 bank reconciliation in the amount of \$22,750. We traced this amount to the bank statement posting on December 27, 2012. This reconciling debit was for OWDA loan proceeds wired to the Village that were un-posted in the cash-basis, fund accounting records as of December 31, 2012.

We recommend that all cash-basis receipts for which the Village is financially accountable be recorded in the underlying cash-basis, fund accounting records in the accounting period in which it was received.

6. We selected the two reconciling credits (deposits in transit) from the December 31, 2012 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Receipt Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2012 and 2011 to determine if they were properly recorded in the accounting records and on each bank statement or reconciliation. We found no exceptions.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011:
 - a. We traced the gross receipt from the Statement to the amounts recorded in the Receipt Register Report. The gross receipt was not in agreement with the Receipt Register Report as the receipt was recorded net of various county-levied fees and collection expenses. We also traced the advances noted on the Statement to the Receipt Register Report. The advance 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 Receipt Register Report to determine whether it included two real estate tax receipts plus ten advances for both 2012 and 2011. We noted the Receipt Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from a listing of all cash disbursements made to the Village from Clermont County, provided to us directly by the Clermont County Auditor's Office, from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We agreed the amount of \$106,484 paid, from the Ohio Department of Natural Resources (ODNR), to the Village during 2011 under a grant agreement with the remittance stub received from ODNR as well as to the grant agreement the Village entered into with ODNR. We found no exceptions. We also agreed the amount of \$97,499.50 paid on-behalf of the Village from the Ohio Public Works Commission (OPWC) during 2012, under a grant agreement, with the project cover letter from OPWC. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2012 and 2011 Total Monthly Distribution Summary reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Receipt Register Reports. The amounts agreed.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Charges for Services – Water, Sewer and Waste Funds

The Village provides water, sewer and waste utilities to its customers. The Village does not have an adequately-functioning accounts receivable system that is routinely maintained and monitored. Without accurate and reliable accounts receivable information, the Village lacks information on overdue amounts, systems-derived documentation on noncash adjustments and approval of noncash adjustments, and information upon which to judge whether the Village should write off or follow up on uncollectible amounts. We recommend the Village maintain an adequately-functioning accounts receivable and billing system.

1. We haphazardly selected 10 utility (Water, Sewer and Waste Funds) cash receipts from the year ended December 31, 2012 and 10 utility (Water, Sewer and Waste Funds) cash receipts from the year ended 2011 recorded in the U/B Cycle Receipts Journal and determined whether the:
 - a. Receipt amount per the U/B Cycle Receipts Journal agreed to the amount recorded to the credit of the customer's account in the History Transaction Report. The amounts agreed.
 - b. Amount charged for the related billing period complied with rates in force during the billing period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the A/R Report.
 - a. We noted this report listed \$12,302 and \$16,521 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in the preceding step, \$7,422 and \$8,630 were recorded as more than 90 days delinquent.
3. We read the Non-Cash A/R Adjustments Report.
 - a. We noted this report listed a total of \$29,609 and \$53,945 of non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
 - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011 to determine whether each adjustment contained a supervisory approval. We were unable to complete this procedure as the Village does not have a formal process in place to approve and document non-cash adjustments.

**VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)**

Debt

1. From the prior audit documentation, we noted the following notes and loans outstanding as of December 31, 2010. These amounts agreed to the Village's January 1, 2011 balances on the summary we used in step 3.

<u>Issue</u>	<u>Principal Outstanding as of December 31, 2010</u>
Ohio Water Development Authority Loan - 1994	\$ 964,044
OPWC Loan - 2000 Sycamore Street	30,196
OPWC Loan - 2001 Old US 52	145,541
OWDA Loan - Bethel/New Richmond Road Sewer Extension	171,396
OPWC Loan - 2002 Bethel New Richmond Sewer II	97,347
OWDA Loan - Water System Plant Expansion	387,206
Dump Truck Loan - 2005	10,529
OPWC Loan - 2006 Walnut Street	189,860
Bank Note - Fire Truck	254,712
OWDA Loan - Consolidation Loan	85,869
Total	<u>\$ 2,336,700</u>

2. We inquired of management, and scanned the Receipt Register Reports and Payment Register Reports for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of note and loan activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt payments reported in the Payment Register Report. 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 (in 2011 for a backhoe and in 2012 for a police cruiser) from the debt documents to amounts recorded in the General fund per the Receipt Register Reports. The amounts did not agree by the amount of loan origination charges imposed by the lending financial institutions which were \$300.00 for the backhoe and \$139.00 for the police cruiser.

In connection with Cash procedure Number 5, near year-end 2012, the Village had electronically received net loan proceeds from OWDA under Loan #6278 in the net amount of \$22,750. Further, during 2012 and in connection with Loan #6278 from OWDA, the Village incurred a loan fee of \$686.00 and capitalized interest of \$14.99. In 2012, neither the loan proceeds, nor loan fee, nor capitalized interest were recorded in the Village's cash-basis, fund accounting records.

We recommend that all cash-basis receipts and disbursements for which the Village is financially accountable be recorded in the underlying cash-basis, fund accounting records in the accounting period in which it was received or disbursed.

5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Village must use the proceeds to purchase a police cruiser and a backhoe. We scanned the Payment Register Report and noted the Village purchased a backhoe in 2011 and a police cruiser in 2012.

**VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)**

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Register Reports and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Reports to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the funds and account codes to which the payroll disbursement were posted were reasonable based on the employees' duties. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. 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	January 31, 2013	December 19, 2012	4,404.97	4,404.97
State income taxes	January 31, 2013	December 19, 2012	958.64	958.64
Local income taxes	January 31, 2013	December 19, 2012	364.98	364.98
OPERS retirement	January 31, 2013	January 28, 2013	10,367.91	10,367.91
OP&F retirement	March 31, 2013	March 20, 2013	9,757.48	9,757.48

3. We haphazardly selected and recomputed one termination payment (unused vacation) using the following information, and agreed the computation to the amount paid as recorded in the Payroll Register Report:
 - 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

1. We haphazardly selected ten disbursements from the Payment Register Report for the year ended December 31, 2012 and ten from the year ended 2011 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The payment number, date, payee name and amount recorded on the returned, canceled check image (where applicable) agreed to the payment number, date, payee name and amount recorded in the Payment Register 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 no exceptions.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Mayor's Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2012 and December 31, 2011 to the Mayor's Court Agency Fund balance reported in the Cash Summary by Fund Report. The amounts did not agree as the reconciled balance of the Mayor's Court Agency Fund at December 31, 2012 and 2011 (\$100.00) was not recorded in the UAN ledger, but was tracked separately by the Village using a "Mayor's Court-type" software program.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2012 and 2011 listing of unpaid distributions plus bonds held as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - b. Case file.

The amounts recorded in the cash book, docket and case file agreed.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2012 and one month from the year ended 2011 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book. We found no exceptions.

**VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)**

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the following funds for the years ended December 31, 2012 and 2011.

2011			
Fund	Estimated Receipts per Final Amended Certificate	Estimated Receipts per Revenue Status Report	Difference
General Fund	\$ 1,199,187	\$ 916,091	\$ 283,096
Street Construction and Maintenance Fund	221,148	227,880	(6,732)
Police Levy Fund	403,346	408,918	(5,572)
Fire Levy Fund	138,353	132,705	5,648
EMS Levy Fund	465,820	492,768	(26,948)

2012			
Fund	Estimated Receipts per Final Amended Certificate	Estimated Receipts per Revenue Status Report	Difference
General Fund	\$ 670,654	\$ 670,654	-
Street Construction and Maintenance Fund	201,000	221,000	(20,000)
Police Levy Fund	425,266	453,061	(27,795)
Fire Levy Fund	125,393	125,393	-
EMS Levy Fund	466,755	466,755	-

Per the information scheduled above, for certain funds in 2011 and 2012 (bolded in the above tables), the amounts did not agree by the amount reported in the *Difference* column of the above tables.

The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and to monitor spending.

2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General Fund, Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund, 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 that Council is not appropriating 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). Contrary to Ohio Rev. Code Section 5705.38(C), the Village is not appropriating separately for personal services in the General Fund and is not appropriating separately for departments/divisions in the Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2012 and 2011 for the following funds: General Fund, Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the Police Levy Fund in 2012 where actual appropriations were \$27,795 less than the amount reported in the Appropriation Status Report.

The fiscal officer should periodically compare amounts recorded in the Appropriations Status Report to Council-approved appropriation amounts to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and to monitor spending.

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 years ended December 31, 2012 and 2011 for the following funds: General Fund, Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund. We noted that the Street Construction and Maintenance Fund and the Police Levy Fund appropriations for 2011 exceeded certified resources by \$9,168 and \$4,893, respectively, which is contrary to Ohio Rev. Code Section 5705.39. We also noted that the Street Construction and Maintenance Fund appropriations for 2012 exceeded certified resources by \$18,026 which is also contrary to Ohio Rev. Code Section 5705.39.

Village Council should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Village to incur fund balance deficits.

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, 2012 and 2011 for the General Fund, Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund, as recorded in the Appropriation Status Report. We noted that General Fund and Fire Levy Fund budgetary expenditures for 2011 exceeded total appropriations by \$37,401 and \$6,695, respectively, which is 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 Treasurer may request Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during 2012 and 2011. We also inquired of management regarding whether the Village received new restricted receipts. The Village established various funds during 2011 and 2012 to properly segregate grant receipts and disbursements which is in compliance with Section 5705.09.
7. We scanned the 2012 and 2011 Revenue Status Reports and Appropriation Status Reports for evidence of inter-fund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Report for the years ended December 31, 2012 and 2011 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.



Dave Yost • Auditor of State

VILLAGE OF NEW RICHMOND

CLERMONT 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
JANUARY 30, 2014**