



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of South Point
Lawrence County
402 2nd Street W
South Point, Ohio 45680

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of South Point, Lawrence 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 years ended December 31, 2013 and 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

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the documentation in the prior year audit working papers. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 and 2012 fund cash balances reported in the Cash Summary by Fund Reports. The amounts agreed.
4. We observed the year-end bank balances for 2013 on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 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, 2013. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2013 and 2012 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

Property Taxes and Intergovernmental Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2013 and one from 2012:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Reports. 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 Receipt Register Reports to determine whether it included two real estate tax receipts for 2013 and 2012. We noted the Receipts Register Reports included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the County Auditor's Vendor Audit Trail Report from 2013 and five from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Reports. 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.

Water, Sewer and Sanitation Funds' Charges for Services

1. We haphazardly selected 10 Water, Sewer and Sanitation Funds' collection cash receipts from the year ended December 31, 2013 and 10 Water, Sewer and Sanitation Funds' collection cash receipts from the year ended 2012 recorded in the Utilities A/R Report (Daily Deposit Reports) and determined whether the:
 - a. Receipt amount per the billing stub agreed to the amount recorded to the credit of the customer's account in the Utilities A/R Report (Daily Deposit Report). The amounts agreed.

- b. Amount charged for the related billing period complied with rates in force during the audit period. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
 - d. Total of the Daily Deposit Reports agreed to the Daily Payment Application Reports (fund break down). We found no exceptions.
 - e. Totals (by fund & in total) per Daily Payment Application Reports agreed to Utility Department Cash Journal Reports (by fund & in total).
 - f. Subtotal fund break down per Cash Journal Reports agreed to total amount transferred from the Utility's Bank Account to the General Bank Account.
 - g. Total per the Cash Journal Reports agreed to total transferred from Utility bank account to the Village's general bank account and to the receipt posting in Receipts Register Reports.
2. We read the Billing Summary Reports.
- a. We noted this report listed \$330,667.86 and \$305,723.04 of accounts receivable as of December 31, 2013 and 2012, respectively.
 - b. Of the total receivables reported in the preceding step, \$173,838.40 and \$258,754.78 were recorded as more than 90 days delinquent.
3. We read the Adjustment Reports.
- a. We noted this report listed a total of \$62,884.45 and \$38,859.89 non-cash receipts adjustments for the years ended December 31, 2013 and 2012, respectively.
 - b. We selected five non-cash adjustments from 2013 and five non-cash adjustments from 2012, and noted that the Utility Clerks, Teresa Mazzone or Carol Spurlock, approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following bonds outstanding as of December 31, 2011. These amounts agreed to the Village's January 1, 2012 balances on the summary we used in step 3.

| Issue | Principal outstanding as of December 31, 2011: |
|-------------------------------------|--|
| Step 3 Sewer Bond OWDA | \$10,444 |
| 1 st Mtg Sewer Bond OWDA | \$304,185 |
| Sub Waterworks bond OWDA | \$110,303 |
| Solida Sewer Bond USDA | \$809,100 |
| Water Improvements Bond OPWC | \$74,863 |
| Fire Truck Bond US Bank | \$111,914 |
| Sewer Improvements Bond OPWC | \$709,625 |

2. We inquired of management, and scanned the Receipt Register Reports, Payment Register Detail Reports, and Charge Register Reports for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded debt activity (Debt Service Payment Schedule Reports) for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedule to Step 3 Sewer Bond, 1st Mortgage Sewer Bond, Sub Waterworks Bond, Solida Sewer Bond, Water Improvement Bond, Sewer Improvement Bond 2009, and Fire Truck Bond Fund payments reported in the Payment Register Detail Reports. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Employee Detail Payroll Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found 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 Salary Schedule Reports and Employee Detail Reports. 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 Salary Schedule Reports and Employee Detail Reports 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. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

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

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 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 2013. We noted 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, 2014 | December 19, 2013 | \$16,011 | \$16,011 |
| Medicare | January 31, 2014 | December 19, 2013 | \$4,106 | \$4,106 |
| Social Security | January 31, 2014 | December 19, 2013 | \$359 | \$359 |
| State Income Tax | January 31, 2014 | January 3, 2014 | \$1,441 | \$1,441 |
| OPERS Retirement | January 31, 2014 | December 19, 2013 | \$12,561 | \$12,561 |
| OP&F Retirement | January 31, 2014 | December 19, 2013 | \$1,027 | \$1,027 |

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 Employee Detail Payment 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 Detail Report for the year ended December 31, 2013 and ten from the year ended 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 Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Mayor's Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the totals per the bank reconciliations to the total of December 31, 2013 and 2012 listing of unpaid distributions as of each December 31. The amounts agreed.
3. We observed the year-end bank balance on the financial institution's website. The balances agreed. We also agreed the confirmed balance to the amount appearing in the December 31, 2013 bank reconciliation without exception.
4. We selected three deposits in transit from the December 31, 2013 bank reconciliation:
 - a. We traced each deposit to the credit appearing in the subsequent January bank statement. We found no exceptions.
 - b. We agreed these deposits' amounts to the court's cash book. Each deposit in transit was recorded as a December receipt for the same amount recorded in the reconciliation.
5. We 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 Magistrate (i.e. mayor)
 - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.
6. From the cash book, we haphazardly selected one month from the year ended December 31, 2013 and one month from the year ended 2012 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.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources *Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Reports for the General, Fire Department, and Water Funds for the years ended December 31, 2013 and 2012. The amounts agreed.

2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Fire Department and Water 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 Appropriation Status Reports for 2013 and 2012 for the following funds: General, Water, and Fire Department Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Reports.
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, Water, and Fire Department Funds for the years ended December 31, 2013 and 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 years ended December 31, 2013 and 2012 for the General, Water, and Fire Department Funds, as recorded in the Appropriation Status Reports. 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 Receipt Register Reports for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10,000 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 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.
9. We scanned the Cash Summary by Fund Reports for the years ended December 31, 2013 and 2012 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

August 6, 2014



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VILLAGE OF SOUTH POINT

LAWRENCE 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
AUGUST 19, 2014**