



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Navarre  
Stark County  
Navarre, Ohio 44662

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Navarre (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, 2014 and 2013, 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, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Monthly Fund Statement Report to the December 31, 2012 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Monthly Fund Statement Report to the December 31, 2013 balances in the Monthly Fund Statement Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Year to Date Fund Statement – by Account # Report. The amounts agreed.
4. We observed the December 31, 2014 bank account balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced two debits to the subsequent January bank statement. We found three debits (outstanding checks) still outstanding through the June 2015 reconciliation.
  - 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.

### **Cash and Investments – (Continued)**

6. We tested investments held at December 31, 2014 and December 31, 2013 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, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in Revenue Entry Journal. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s) 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 History Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Revenue History Report by Account # included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the Stark County Pay in Sheets from 2014 and five from 2013.
  - a. We traced the gross receipts from the above reports to the amount recorded in the Revenue Entry Journal. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s). 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 compared the allocation of income tax receipts for the years ended December 31, 2014 and 2013 to the Village's funds according to the allocation requirements of Ordinance No. 4-2007. The allocation agreed with the percentages the Ordinance requires.
2. We selected five income tax returns filed during 2014 and five from 2013.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the Cash Receipts Journal. The amounts agreed.
  - b. We compared Cash Receipts Journal total from step a. to the amount recorded as income tax receipts in the Revenue Entry Journal for that date. The amounts agreed.
3. We determined whether the receipts were recorded in the year received. We found no exceptions.

#### **Income Tax Receipts – (Continued)**

4. We selected five income tax refunds from 2014 and five from 2013.
  - a. We compared the refund paid from the Check Register Direct Posting Expense Entry Journal to the refund amount requested in the tax return. The amounts agreed.
  - b. We noted each of the refunds were approved by the Fiscal Officer.
  - c. We noted the refunds were paid from the Income Tax Fund, as is required.

#### **Joint Economic Development District (JEDD)**

1. We haphazardly selected one JEDD cash receipt from the year ended December 31, 2014 and one from the year ended 2013 recorded in the duplicate cash receipts book and determined whether the:
  - a. Receipt amount agreed to the amount recorded in the Revenue Entry Journal. The amounts agreed.
  - b. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

#### **Water and Sewer Fund**

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2014 and 10 Water and Sewer Fund collection cash receipts from the year ended 2013 recorded in the Utility System Daily Cash Receipts Journal and determined whether the:
  - a. Receipt amount per the Utility System Daily Cash Receipts Journal agreed to the amount recorded to the credit of the customer's account in the Detailed Summary of each Customer's Account. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Pay in 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 read the Utility Billing Delinquent Report.
  - a. We noted this report listed \$5,821 and \$5,422 of accounts receivable as of December 31, 2014 and 2013, respectively.
  - b. Of the total receivables reported in the preceding step, \$0 and \$0 were recorded as more than 90 days delinquent.
3. We read the Utility System File Maintenance Transactions Report.
  - a. We noted this report listed a total of \$25 and \$0 non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
  - b. We selected five non-cash adjustments from 2014 and five non-cash adjustments from 2013, and noted that the Fiscal Officer and Utility Secretary approved each adjustment.

**Debt**

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Receipt Ledger and Expense Ledger for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances, nor any debt payment activity during 2014 or 2013.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Payroll Distribution Journal and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Distribution Journal to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the payroll ordinance or as required by statute. 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, 2014 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 2014. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2015	December 23, 2014	\$3,973	\$3,973
State income taxes	January 15, 2015	December 22, 2014	\$833	\$833
Village of Navarre income taxes	January 31, 2015	December 22, 2014	\$558	\$558
OPERS retirement Employer		January 14, 2015	\$7,165	\$7,165
Employee	January 30, 2015	January 13, 2015	\$5,118	\$5,118
OP&F retirement Employer		January 13, 2015	\$3,384	\$3,384
Employee	January 31, 2015	January 13, 2015	\$1,996	\$1,996

### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Navarre Check Register for the year ended December 31, 2014 and ten from the year ended 2013 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 Ledger 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.

### **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 Monthly Revenue Statement for the General, Income Tax and Water funds for the years ended December 31, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Income Tax 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 Monthly Expense Statement by Account # for 2014 and 2013 for the following funds: General, Income Tax, and Water funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Monthly Expense Statement by Account #.
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, Income Tax and Water funds for the years ended December 31, 2014 and 2013. 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, 2014 and 2013 for the General, Income Tax and Water fund, as recorded in the Monthly Expense Statement by Account #. 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 Revenue Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. 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 2014 and 2013 Appropriation Adjustment/Transfer Journal for evidence of interfund transfers exceeding \$0 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.

**Compliance – Budgetary – (Continued)**

8. We inquired of management and scanned the Appropriation Adjustment/Transfer Journal 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 Monthly Expense Statement by Account # for the years ended December 31, 2014 and 2013 for any negative cash fund balances. 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 negative cash fund balances.

**Compliance – Contracts & Expenditures**

We inquired of management and scanned the Navarre-Check Register for the years ended December 31, 2014 and 2013 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 2, 2015





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**VILLAGE OF NAVARRE**

**STARK 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 22, 2015**