



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of New Knoxville
Auglaize County
101 S Main Street
PO Box 264
New Knoxville, Ohio 45871-0246

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of New Knoxville (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, 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, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Status 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 Fund Status Report to the December 31, 2013 balance in the Fund Status 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 Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Village's financial institutions for three accounts. We found no exceptions. We also observed the year-end bank balances on the financial institution's website for the other five accounts. 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 each debit to the subsequent January and February bank statements. We found that Check #23282 issued on July 23, 2014 has not cleared the bank account and still is list as outstanding. No other exceptions were noted..
 - 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.
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 and Intergovernmental 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 the Receipt Register Report. 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts 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 2014 and five from 2013. We also selected five receipts from the Detail Expense Transaction – Auglaize County from 2014 and five from 2013.
 - 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 fund(s). We found no exceptions except for the December 2014 allocation of the State and Local Government Highway Distribution was distributed 7.5% to the Street Construction, Maintenance, and Repair Fund and 92.5% to State Highway Fund instead of 92.5% to Street Construction, Maintenance, and Repair Fund and 7.5% to the State Highway Fund. The proper allocation of the December distribution was \$962 to Street Construction, Maintenance, and Repair Fund and \$78 to the State Highway Fund, which created an overstatement of \$884 to the State Highway Fund and understatement to the Street Construction, Maintenance, and Repair Fund. The Village records have been adjusted accordingly as stated above.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2014 and 2013 Report of the Department of Taxation submitted by the Income Tax Division of the City of St. Marys, 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 Report. The amounts agreed except in 2014, the Report of the Department of Taxation report showed that \$305,590 was collected for the Village of New Knoxville but only \$292,627 was recorded in 2014 and \$12,963 was recorded in 2015, still leaving a \$47 unexplained variance.

2. 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. 2013-11-08 for 2014 and 2012-11-06 for 2013. The allocation agreed with the percentages the Ordinance requires.

Water, Sewer, Refuse, and Electrical Operating Funds

1. We haphazardly selected 10 Water, Sewer, Refuse, and Electrical Operating Funds collection cash receipts from the year ended December 31, 2014 and 10 Water, Sewer, Refuse, and Electrical Operating Fund collection cash receipts from the year ended 2013 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Final Receipts Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Final Receipts Report 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 fund(s), and was recorded in the year received. We found no exceptions.
2. We read the Year End Electric Report.
 - a. We noted this report listed \$45,127.14 and \$1,062.92 of accounts receivable as of December 31, 2014 and 2013, respectively.
 - b. Of the total receivables reported in the preceding step, \$44,773.60 and \$433.98 were recorded as more than 90 days delinquent.

Debt

1. From the prior *agreed-upon procedures* documentation, we noted the following bonds, notes and loans outstanding as of December 31, 2012. These amounts agreed to the Villages January 1, 2013 balances on the summary we used in step 3 except for the Mill/South Street Assessment Notes were reported at \$8,957 in the prior audit and the Schedule of Outstanding Debt was \$8,924. We recommend the village to correct their debt balance on the Schedule of Outstanding Debt to agree with the audited debt schedule.

Issue	Principal outstanding as of December 31, 2012:
Governmental Activities:	
Industrial Park Note	140,937
2006 OPWC Loan, South St (Org. \$88,500)	57,525
2003 OPWC Loan, Botkins (Org. \$24,000)	11,400
2001 POWC Loan, Mill St (Org. \$72,000)	32,400
2008 OPWC Loan, Laura St (Org. \$55,022)	45,852
Mill/South Street Assessment Notes	8,957
Botkins Angle Street Assessment Notes	2,399
Main Street Sewer OPWC (CM36M)	16,002

Business-Type Activities:	
1999 Mortgage Revenue Bonds (Org. \$380,000)	220,000
General Obligation Bonds, WW (Org. \$250,000)	130,000
OPWC Water Works (Org. \$305,325)	122,130

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances and all debt payments agreed to the summary we used in step 3.
3. We obtained a summary of bonded, note, and loan debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedule(s) to Special Revenue Fund: Special Assessment – Sidewalks, Debt Service Funds: Sinking Industrial Park and New Knoxville Supply Building, Issue II South Street, Issue II Mill Street, Issue II Laura Street, and Issue I Main Street Storm Sewer, and Enterprise Funds: Water Bond, Special Assessment – Water, and Issue II Water payments reported in the Payment Register Detail Report. 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 2014 and one payroll check for five employees from 2013 from the Payroll Register Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register 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 code(s) to which the check was posted were reasonable based on the employees' duties as documented in Ordinance 2013-11-10 for 2014 and Ordinance 2012-11-09 for 2013. 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:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2015	December 28, 2014	2,577	2,577
State income taxes	January 15, 2015	December 28, 2014	500	500
Village of Knoxville Income Taxes	January 15, 2015	December 29, 2014	277	277
OPERS retirement	January 30, 2015	December 9, 2014	4,745	4,745

3. We tested one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the October 2013 Wage Detail 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, 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 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).

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. The Village accounts for the Mayor's Court as part of the general fund. Court fines are the only revenue from the Mayor's Court that is recorded by the Village.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2014 and 2013 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We observed the year-end bank balance on the financial institution's website. The balance agrees. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 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. 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 two instances representing a partial payment of a judgment, which is not an exception.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2014 and one month from the year ended 2013 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, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Water, and Electric funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund in 2014 and the General, Water, and Electric Funds in 2013. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$459,388 for 2014. However, the final *Amended Official Certificate of Estimated Resources* reflected \$460,388. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Water, and Electric funds of \$460,487, \$155,250, and \$898,222 respectively for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$459,388, \$155,700, and \$937,970 respectively. 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, the Council may be using inaccurate information for budgeting and monitoring spending.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Water, and Electric 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 Report for 2014 and 2013 for the following funds: General, Water, and Electric. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
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 Electric 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, Water, and Electric fund, as recorded in the Appropriation Status 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 Receipt Register 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 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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 established a Salaries Reserve Fund. Ordinance 2009-12-03 established this reserve through Ohio Rev. Code Section 5705.13(B) with a limit of \$10,500. The balance in this fund was \$1,133 as of December 31, 2014, and was \$1,172 as of December 31, 2013, which did not exceed this limit.

We also noted the Village established several Capital Project Reserve Funds. Ordinance 2009-12-05 established the Capital Project Fire/Emergency vehicle fund within the Governmental Funds, Ordinance 2005-02-04, 2009-12-07, and 2009-12-09 established the Electric, Water, and Sewer Reserve Funds, respectively, within the Enterprise Funds. Ohio Rev. Code Section 5705.13(C) limits the accumulation of these funds to ten years. None of these funds have exceeded the ten year limitation.

We also noted the Village established the Enterprise Debt Service Reserve Fund within the Enterprise Funds. This reserve was established through the 1999 Mortgage Revenue Bonds with a required balance of \$35,050. The balance in this fund was \$35,050 as of December 31, 2014, and was \$35,050 as of December 31, 2013, which agreed to the balance requirement.

9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 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 negative cash fund balance.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail Report 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

April 6, 2015

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VILLAGE OF NEW KNOXVILLE

AUGLAIZE 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
MAY 7, 2015**