



Dave Yost • Auditor of State





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

Village of Beaver  
Pike County  
Beaver, Ohio

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Beaver (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, 2015 and 2014 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, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the prior year audited statements. We found the following exceptions: General Fund year end fund balance in the prior year audited statement was \$4,585 less than the Fund Ledger Report. Special Revenue Fund year end fund balance in the prior year audited statement was \$2,611 greater than the Fund Ledger Report. Enterprise Fund year end fund balance in the prior year audited statement was \$1,975 greater than Fund Ledger Report. These variances were due to audit adjustments posted after January 1, 2014. We also agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 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, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found that two (2) of the five haphazardly selected outstanding checks were still outstanding to date.

- 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.

### **Taxes and Intergovernmental**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
  - 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 2015 and 2014. 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 2015 and five from 2014. We also selected five receipts from the County Auditor's Appropriation History from 2015 and five from 2014.
  - a. We compared the amount from the above report to the amount recorded in the Receipt Register Report. We found that all amounts agreed except the fire grant issued by the State Fire Marshall described below which was not posted to the system.
  - b. We determined whether these receipts were allocated to the proper fund(s). We found that \$1,159.77 of State Rollback Distributions was incorrectly posted to General fund in 2014; \$846.39 should have been recorded in the Cemetery Fund and \$313.38 should have been recorded in the Fire Fund. We noted the Fiscal Officer adjusted these amounts on March 7, 2017. We found that in 2015, a fire Grant issued by the State Fire Marshall was not posted to the system or in their bank account, in the amount of \$49,316. We noted that this amount was deposited and recorded in the Fire Department checking account that is not held by the Village or included in the Village's activity reported on their financial statements. We confirmed that the grant was receipted in the Fire Department checking account and expended out for grant purpose. Additionally, in 2015, we found that \$323.56 of County Motor Vehicle License Fees were incorrectly posted to the General fund; \$299.29 should have been posted to the Street Construction and Maintenance Fund and \$24.27 should have been posted to the State Highway Fund. We noted the Fiscal Officer adjusted these amounts on March 7, 2017. Because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions. We found no exceptions, except for the fire grant that was not posted to the system.

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

1. We haphazardly selected ten Water Operating and Sewer Operating Fund collection cash receipts from the year ended December 31, 2015 and ten Water Operating and Sewer Operating Fund collection cash receipts from the year ended 2014 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 U/B Detail Trial Balance Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the U/B Detail Trail Balance 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 funds, and was recorded in the year received. We found no exceptions.
2. We read the U/B Aged Trial Balance Report.
  - a. We noted this report listed \$72,003.33 and \$58,030.81 of accounts receivable as of December 31, 2015 and 2014, respectively.
  - b. Of the total receivables reported in the preceding step, \$63,638.87 and \$50,530.69 were recorded as more than 90 days delinquent.
3. We read the U/B Detail Trial Balance report.
  - a. We noted this report listed a total of \$22,945.75 and \$35,471.65 non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
  - b. We selected five non-cash adjustments from 2015 and five non-cash adjustments from 2014, and noted that the Board of Public Affairs approved three of five applicable adjustments and the other five adjustments selected were for meter reading and data entry errors, which were allowed by policy to be adjusted by the Water Superintendent and the Utility Office Manager. Because we did not test all adjustments, our report provides no assurance regarding whether or not other similar errors occurred.

**Debt**

1. From the prior audit documentation, we noted the following bonds, and loans outstanding as of December 31, 2013. These amounts agreed to the Villages January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
2001 Ohio Public Works Commission (\$395,558)	\$ 178,001
2001 Ohio Water Development Authority (\$57,100)	39,120
2002 USDA Rural Development Mortgage Revenue Bonds (\$621,000)	540,700
2005 Ohio Public Works Commission (\$129,789)	77,873
2007 WSOS Community Action Commission (\$37,370)	15,963
2009 Ohio Water Development Authority ( \$58,144)	49,909
2010 Ohio Public Works Commission (\$36,637)	30,225
2010 Ohio Public Works Commission (\$37,067	33,978

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. In addition, we scanned confirmation from Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC). All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonds and loans debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to water and sewer fund payments reported in the Payment Register Detail Report. We found that all payments were incorrectly posted to the Other Fiscal Charges line, resulting in the following errors: Water fund Principal Retirement was understated \$13,296 in 2014 and \$13,139 in 2015, and Interest and Other Fiscal Charges were overstated by the same amounts. Sewer fund Principal Retirement was understated \$32,776 in 2014 and \$33,312 in 2015, and Interest and Other Fiscal Charges were overstated \$32,771 in 2014 and \$33,229 in 2015, and \$5 in 2014 and \$83 in 2015 were incorrectly posted as Operating Dues and Fees. 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 2015 and one payroll check for five employees from 2014 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment 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 the employees' personnel file. 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 employees' 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. Department(s) and fund(s) 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, 2015 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 2015. 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, 2016	January 12, 2016	\$467.46	\$467.46
State income taxes	January 15, 2016	January 13, 2016	\$143.07	\$143.07
OPERS retirement	January 30, 2016	January 20, 2016	\$726.07	\$726.07

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

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2015 and ten from the year ended 2014 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.

### 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, Fire and Sewer funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Fire Fund in 2015. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund in the amount of \$71,360 and Fire fund in the amount of \$33,800 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$70,460 in the General Fund and \$33,500 in the Fire Fund. 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 to monitor spending.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Fire and Sewer 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 2015 and 2014 for the following funds: General, Cemetery and Water. 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, Street and Water funds for the years ended December 31, 2015 and 2014. 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, 2015 and 2014 for the General, Cemetery and Water 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, 2015 and 2014. 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 2015 and 2014 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 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 types of reserves.



9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 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**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 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.

### **Other Compliance**

Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. We identified no exceptions.

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

March 9, 2017

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VILLAGE OF BEAVER

PIKE 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  
MARCH 28, 2017