



Dave Yost • Auditor of State



VILLAGE OF BEVERLY  
WASHINGTON COUNTY  
DECEMBER 31, 2017 AND 2016

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# Dave Yost • Auditor of State

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

Village of Beverly  
Washington County  
919 Mitchell Avenue  
Beverly, Ohio 45715

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Beverly, Washington County, Ohio (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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 recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balance documentation in the prior year audited financial statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 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, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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. There were no exceptions.

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

6. We inspected investments held at December 31, 2017 and December 31, 2016 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We noted no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Export Report. Tax receipts were posted at net, rather than at gross, with a memo expenditure to record the deductions for fees.
  - b. We inspected the Receipt Export Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Export Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the County Auditor's DTLs from 2017 and five from 2016.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Export Report. The amounts agreed.
  - b. We inspected the Receipt Export Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Export Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Income Tax Receipts**

1. We haphazardly selected five income tax returns filed during 2017 and five from 2016.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the duplicate receipt. The amounts agreed.
  - b. We compared the total monthly receipts total from procedure a. to the amount recorded as income tax receipts in the Receipt Register Report for that month. The amounts agreed.
2. We compared the date of the receipts to the date the receipts was posted in the Receipt Register Report to determine whether the receipts were recorded in the year received. We found no exceptions.
3. We haphazardly selected five income tax refunds from 2017 and five from 2016.
  - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We observed the approval by Council on each of the refunds. No exceptions were found.
  - c. We observed the refunds were paid from the General Fund as is required.

**Over-The-Counter Cash Receipts**

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2017 and 10 over-the-counter cash receipts from the year ended 2016 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Receipt Register Report to determine the receipt was posted to the proper funds, and was recorded in the proper year.

**Water and Sewer Fund**

- 1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2017 and 10 Water and Sewer Fund collection cash receipts from the year ended 2016 recorded in the Billings Register Report and determined whether the:
  - a. Receipt amount per the Billings Register Report agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer History 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 observed the Past Due Balance Report.
  - a. This report listed \$1,555 and \$2,889 of accounts receivable as of December 31, 2017 and 2016, respectively.
  - b. Of the total receivables reported in the preceding procedure none were recorded as more than 90 days delinquent.
- 3. We observed the Adjustment Report.
  - a. This report listed a total of \$3,738 and \$9,892 non-cash receipts adjustments for the years ended December 31, 2017 and 2016, respectively.
  - b. We haphazardly selected five non-cash adjustments from 2017 and five non-cash adjustments from 2016, and observed that the Board of Public Affairs approved each adjustment.

**Debt**

- 1. From the prior agreed-upon procedures documentation, we observed the following bonds and loans were outstanding as of December 31, 2015. These amounts agreed to the Villages January 1, 2016 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2015:</b>
Ohio Public Works Commission: Wellfield	\$55,844
Ohio Public Works Commission: WWTP	364,691
Ohio Public Works Commission: Waterline	590,644
Ohio Water Development Authority: Waterline	584,368
Citizens Bank: Fire Truck	295,784

**Debt (Continued)**

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to the Waterline Debt Service Fund, Street Levy Fund, Water Operating Fund, and Sewer Debt Service Fund payments reported in the Payment Register Detail Report. Principal and interest payments did not agree to the debt amortization schedules because there were additional principal payments made for the Citizens Bank Fire Truck Loan. Also, the Fiscal Officer paid the Citizens Bank Fire Truck Loan and the Ohio Water Development Authority Waterline Loan in accordance with the invoices received instead of the amortization schedules.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payment Summary Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files, minute record, or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm 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 2017. We observed 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	01/31/2018	01/09/2018	\$2,620	\$2,620
State income taxes	01/15/2018	01/09/2018	496	496
Village of Beverly Income Tax	01/31/2018	01/31/2018	730	730
OPERS Retirement	01/30/2018	01/26/2018	3,540	3,540
OP&F Retirement	01/31/2018	01/31/2018	2,468	2,468

3. 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 Payment Summary 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

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2017 and ten from the year ended 2016 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 § 5705.41(D). We found no exceptions.

### Mayors Court Transactions and Cash Balances

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We could not compare the reconciled cash totals as of December 31, 2017 and December 31, 2016 to the Mayor's Court Agency Fund balance reported in the Fund Status Report because the Village has not integrated the Mayor's Court Agency Fund into the accounting system.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2017 and 2016 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balance 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, 2017 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.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2017 and one month from the year ended 2016 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. The State amount remitted was paid via direct EFT to the State of Ohio. Per review of the bank statement EFT description, the explanation says to the State of Ohio.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code § 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction, and State Highway Funds for the years ended December 31, 2017 and 2016. The amounts recorded in the accounting system exceeded the amounts on the Certificate for the selected funds. For 2016, estimated receipts per the Revenue Status Report for the General, Street Construction, Maintenance and Repair and State Highway Funds were \$641,420, \$46,863 and \$3,701, respectively, while the approved amounts per the Certificate were \$605,582, \$45,000 and \$3,600, respectively. For 2017, estimated receipts per the Revenue Status Report for the General, Street Construction, Maintenance and Repair and State Highway Funds were \$705,046, \$54,585 and \$3,863, respectively, while the approved amounts per the Certificate were \$608,501, \$45,000 and \$3,600, respectively.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Street Construction and State Highway 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 § 5705.38(C). We found no exceptions.
3. We compared the total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40 to the amounts recorded in the Appropriation Status Report for 2017 and 2016 for the following funds: General, Street Construction, Maintenance and Repair, and State Highway. The amounts on the Approved appropriations agreed to the amount recorded in the accounting system, except for the General Fund in 2016. General Fund appropriations reflected in the 2016 Appropriation Status were \$737,895 while the final approved appropriations were \$744,841.
4. Ohio Rev. Code §§ 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 Construction and State Highway funds for the years ended December 31, 2017 and 2016. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code § 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, 2017 and 2016 for the General, Street Construction and State Highway fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code § 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, inspect the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.

### **Compliance – Budgetary (Continued)**

8. We inspected the 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10 which Ohio Rev. Code §§ 5705.14 - .16 restrict. We found no evidence of transfers these sections prohibit, or for which § 5705.16 would require approval by the Tax Commissioner.
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13. The Village did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) 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. There were no funds having negative cash fund balances.

### **Compliance – Contracts & Expenditures**

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 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 §§ 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 § 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Village's deadline where the initial filing was filed on time but incomplete. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

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

April 18, 2018



# Dave Yost • Auditor of State

VILLAGE OF BEVERLY

WASHINGTON 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 17, 2018