



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Pleasant City
Guernsey County
P.O. Box 272
Pleasant City, Ohio 43772

We have performed the procedures enumerated below on the Village of Pleasant City's (the Village) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 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, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village.

The Village Council, Mayor and the management of the Village have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2020 and 2019, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. At December 31, 2020, and December 31, 2019, the Village had "other adjusting factors" of \$5,242.96 and \$3,367.16, respectively, on its bank reconciliations. During 2021 the Village consulted with a visiting clerk to help determine the causes of these "other adjusting factors". In June 2021 the visiting clerk had the Village make fund balance adjustments to the Water Operating and Sewer Operating Funds for the errors identified from January 2016 to June 2021 in the amount of \$2,133 and \$3,199 in the water and sewer funds, respectively. The June 30, 2020 bank reconciliation did not have "other adjusting factors" after the fund balance adjustments were made.
2. We agreed the January 1, 2019 beginning fund balances for each fund recorded in the Cash Summary by Fund to the December 31, 2018 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances for each fund recorded in the Cash Summary by Fund to the December 31, 2019 balances in the Fund Status Report. We found no exceptions.

Cash and Investments (Continued)

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2020 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, 2020 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found one check was offset by a corresponding receipt and both were outstanding at December 31, 2020. In January 2021 the Fiscal Officer cleared both the outstanding check and outstanding receipt instead of voiding the check and receipt in the UAN system. We reviewed the January through August 2021 bank statements and noted the check did not clear the bank during those months.
 - b. We traced the amounts and dates to the check register and determined the debits were dated prior to December 31. There were no exceptions.
6. We inspected investments held at December 31, 2020 and December 31, 2019 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 selected a total of five receipts from the State Distribution Transaction Listing (DTL), and the County Auditor Accounts Payable Report for 2020 and a total of five from 2019:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found one receipt of \$996.99 in 2019 for local government recorded in the Sewer Fund that should have been recorded in the General Fund. We brought this to management's attention. They corrected the Sewer Fund and General Fund balances for this item. However, because we did not inspect all receipts, our report provides no assurances regarding whether or not other similar errors occurred.
 - c. We inspected the Receipt Register Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2020 and 2019. The Receipt Register Report included the proper number of tax receipts for each year.
3. We confirmed the total amount paid from the United States Department of Agriculture (USDA) to the Village during 2020 with the USDA. We found no exceptions.
 - a. We inspected the Receipt Register Report to determine whether this receipt was allocated to the proper funds. We found no exceptions.
 - b. We inspected the Receipt Register Report to determine whether the receipt was recorded in the proper year. We found no exceptions.

Other Receipts

We selected 10 other receipts from the year ended December 31, 2019 and:

- a. Agreed the receipt amount recorded in the Receipt Register Report to supporting documentation. 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. We found no exceptions.

Water and Sewer Fund

1. We selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2020 and 10 Water and Sewer Fund collection cash receipts from the year ended 2019 recorded in the Utility Billing Journal and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded in the Summary Cash Receipts by Cycle and Book which agreed to the credit of the customer's account in the Utility Billing Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Journal 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. 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 Utility Billing Journal and Utility Delinquent Billing Journal
 - a. This report listed \$7,329.28 and \$7,809.75 of accounts receivable as of December 23, 2020 and December 21, 2019, respectively.
 - b. The Village did not have an Aged Receivables Report that would report receivables that were more than 90 days delinquent.
3. We inquired of management and noted the Village had noncash adjustments for customers filling up their swimming pools in which they were billed for water and an adjustment was made to take the sewer charge off of the bill. A separate report is not maintained to account for the noncash adjustments nor were the adjustments approved by the Board of Public Affairs.

Debt

1. From the prior audit documentation, we observed the following bonds and loans were outstanding as of December 31, 2018. These amounts agreed to the Village's January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
OWDA #2084 Water Plant Expansion	\$16,107
OPWC CT36B Wastewater Plant	175,000
Sanitary Sewer Revenue Bonds	1,498,900
Farmers and Merchants Bank -Water Meters	30,195

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.

Debt (Continued)

3. We obtained a summary of bonds and loans debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedules to Water Operating, Sewer Operating and Enterprise Debt Service Funds' 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 the Village posted \$12.65 and \$1,858.80 to interest instead of principal during 2020 for the Ohio Water Development Authority loan and water meter promissory note, respectively, according to the amortization schedules. We found the Village posted \$857.16 to capital outlay and \$89,587 to Other - Debt Services, instead of \$29,486.15 to principal and \$60,958.01 to interest during 2020 for the water meter promissory note and USDA loan, respectively, according to the amortization schedules. We found the Village posted \$336.49 to interest instead of principal during 2019 for the water meter promissory note according to the amortization schedule. Further, we found the Village posted \$1,713.32 to basic utility services and \$89,529.62 to Other - Debt Services instead of \$29,043.81 to principal and \$62,199.14 to interest during 2019 for the water meter promissory note and USDA loan, respectively, according to the amortization schedules.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Other Capital Projects fund per the Receipt Register Report. The amounts agreed. The Village properly recorded the proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code § 5705.09(E)
5. For new debt issued during 2020 and 2019, we inspected the debt legislation, which stated the Village must use the proceeds to purchase a backhoe and a dump truck. We inspected the Payment Register Detail Report and observed the Village purchased a backhoe and dump truck in August 2020.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check. We found one instance where an employee was paid for two hours less than the hours recorded on his timesheet. We brought this to management's attention. Because we did not compare all timesheets, our report provides no assurance whether or not other similar errors occurred.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found an employee worked 16 hours in one day and worked a total of 27 hours (including the 16 hour day worked) in a two week period during 2020. We found an employee worked 14 hours in one day and worked a total of 26 hours (including the 14 hour day worked) in a two week period during 2019. The employee was not paid overtime for these days and the Village did not have a policy that addressed working hours and overtime for Village employees. The Village should adopt a personnel policy that addresses leave (sick and vacation), working hours and breaks, compensation rates and overtime.
 - c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the minute record or as required by statute. We found no exceptions.
 - d. We confirmed the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 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 2020. We observed 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, 2021	January 26, 2021	\$1,733.48	\$1,733.48
State income taxes	January 15, 2021	January 17, 2021	\$467.27	\$467.27
OPERS retirement	January 30, 2021	January 19, 2021	\$1,241.28	\$1,241.28

Non-Payroll Cash Disbursements

We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 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.

Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General, Street Construction Maintenance and Repair and State Highway funds, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected interfund transfers from 2020 Interfund Transfer Report for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner.
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 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.

Sunshine Law Compliance

1. We inquired with Village management and determined that the Village did not have a public records policy for responding to public record requests during the engagement period as required by Ohio Rev. Code § 149.43(E)(2).
2. We inquired with Village management and determined that the Village did not have any completed public records requests during the engagement period.
3. We inquired with Village management and determined that the Village did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inquired with Village management and determined that the Village did not have a public records policy during the engagement period therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. We inquired with Village management and determined that the Village did not have a public records policy during the engagement period therefore it could not be included in a policy manual as required by Ohio Rev. Code § 149.43(E)(2).
6. We inquired with Village management and determined that the Village did not have a public records policy during the engagement period therefore it could not be displayed in all the branches of the Village as required by Ohio Rev. Code § 149.43(E)(2).
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected individual training certificates and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We found the Mayor, one Council member and the Fiscal Officer did not attend a certified three-hour Public Records Training for their term of office ended December 31, 2019, and March 31, 2020, respectively, as required by Ohio Rev. Code § 109.43(B).
9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.

Sunshine Law Compliance

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

Other Compliance

1. 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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. We inquired of the Fiscal Officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code §§ 507.12 and 733.81. The Fiscal Officer did not obtain the required training for her term ended March 31, 2020.
3. For all credit card accounts we obtained:
 - A list of all credit card account transactions.The Village did not have a credit card policy adopted under HB 312 nor did the Village have a policy adopted prior to.
 - a. We selected all credit card transactions from the account for testing. For the transactions we inspected documentation to determine that each transaction was supported with original invoices and for a proper public purpose. We found no exceptions.
 - b. We selected all credit card statements from the credit card account for testing. For the statements we inspected documentation to determine that:
 - i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.We found no exceptions.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the Village and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

December 1, 2021

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF PLEASANT CITY

GUERNSEY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 1/4/2022

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