



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Midland Council of Government
Wayne County
2125 Eagle Pass
Wooster, Ohio 44691

We have performed the procedures enumerated below on the Midland Council of Government's (the Council) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended June 30, 2023 and 2022 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Council. The Council is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended June 30, 2023 and 2022 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Council.

The Council Board and the management of the Council have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the Council's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended June 30, 2023 and 2022, 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

1. We recalculated the June 30, 2023 and June 30, 2022 bank reconciliations. We found no exceptions.
2. We agreed the July 1, 2021 beginning fund balances recorded in the OH Cash Position Report to the June 30, 2021 balances in the documentation in the prior year Agreed-Up-on Procedures working papers. We found no exceptions. We also agreed the July 1, 2022 beginning fund balances recorded in the OH Cash Position Report to the June 30, 2022 balances in the OH Cash Position Report. We found no exceptions.

3. We agreed the 2023 and 2022 bank reconciliations as of June 30, 2023 and 2022 to the total fund cash balances reported in the OH Cash Position Report and the financial statements filed by the Council in the Hinkle System. The amounts agreed for June 30, 2022; however, it was noted the amounts did not agree for June 30, 2023. The statements filed in the Hinkle System included an escrow bank account in the amount of \$712,799 that is not included in the Council's OH Cash Position Report or bank reconciliation.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the June 30, 2023 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the June 30, 2023 bank reconciliation:
 - a. We traced each debit to the subsequent July 2023 bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to June 30. We found no exceptions.

Member Contributions

We selected five member contribution cash receipts from the year ended June 30, 2023 and five member contribution cash receipts from the year ended 2022 recorded in the Revenue Audit Trail and:

- a. Agreed the receipt amount to the amount recorded in the Revenue Audit Trail. The amounts agreed.
- b. Agreed the amount charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Revenue Audit Trail to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior year agreed-upon procedures documentation, we observed the following loan was outstanding as of June 30, 2021. This amount agreed to the Council's July 1, 2021 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of June 30, 2021:
Building Loan	\$113,751

2. We inquired of management and inspected the Revenue Audit Trail and Expenditure Audit Trail for evidence of debt issued during 2023 or 2022 or debt payment activity during 2023 or 2022. We did not note any proceeds of debt in the Revenue Audit Trail; however, the Council did have debt proceeds in 2023 of \$1,329,095 which was not recorded in their ledgers. We agreed that all debt agrees to the summary we used in procedure 3.
3. We obtained a summary of loan and lease debt activity for fiscal years 2023 and 2022 and agreed principal and interest payments from the related debt amortization schedules to debt payments reported in the Expenditure Audit Trail Report. We also compared the date the debt service payments were due to the date the Council made the payments. It was noted the initial lease payment in the amount of \$79,226 was paid by the vendor on behalf of the Council as agreed to in the lease agreement; however, the amount was not recorded in the Expenditure Audit Trail. We did note the 2023 Hinkle System report does show this amount as debt expenditures.

4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Key Bank Escrow Account per the April 30, 2023 Key Bank Statement. The amounts agreed.

We did not note any proceeds of debt in the Revenue Audit Trail. However, we did note the 2023 Hinkle report indicates the Council received proceeds of debt in the amount of \$1,329,095, which is the amount of the lease with Key Government Finance.

5. For new debt issued during 2023 we inspected the debt legislation, which stated the Council must use the proceeds to purchase Category 2 equipment and supplies for E-Rate contracts. The debt proceeds were \$1,329,095, and as of June 30, 2023, the unspent balance was \$712,799. We inspected the invoices for the expenditures and observed the Council purchased E-Rate equipment to be provided to members; however, we noted the proceeds and expenditures were not recorded in the Council's Revenue Audit Trail or Expenditure Audit Trail but were included on the 2023 Hinkle System financial statements.

Payroll Cash Disbursements

1. We selected 1 payroll check for 5 employees from 2023 and 1 payroll check for 5 employees from 2022 from the Concise Check History and:
 - a. We compared the hours and pay rate, or salary recorded in the Concise Check History 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 allowable based on the employees' duties as documented in the employees' personnel files. We found no exceptions.
 - c. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We selected three new employees from 2023 and all new employees from 2022 and inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization. We found the Council failed to properly maintain these payroll records. Of the five employees tested only one employee had a federal and state withholding form that could be located.
3. We inspected the last remittance of tax and retirement withholdings for the year ended June 30, 2023 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 of 2023. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	July 31, 2023	June 21, 2023	\$9,144.96	\$9,144.96
State income taxes	July 15, 2023	June 22, 2023	\$2,059.36	\$2,059.36
Local income tax	July 15, 2023	June 23, 2023	\$172.16	\$172.16
STRS retirement	July 31, 2023	June 22, 2023	\$5,404.58	\$5,404.58
SERS retirement	July 31, 2023	June 27, 2023	\$15,892.92	\$15,892.92

We found no exceptions.

Non-Payroll Cash Disbursements

We selected 10 disbursements from the Check Register Report for the year ended June 30, 2023 and 10 from the year ended 2022 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 Check Register Report and to the names and amounts on the supporting invoices. We found one exception where the check amount did not agree to the total amount of the supporting invoices.
- 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.

Sunshine Law Compliance

1. We obtained and inspected the Council's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Council management and determined that the Council did not have any completed, denied, or redacted public records requests during the engagement period.
3. We inquired whether the Council had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the Council's policy manual and determined the public records policy was not included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the Council's poster describing their Public Records Policy was displayed conspicuously in all branches of the Council as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Council management and determined that the Council did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with Council management and determined that the Council did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
9. We inspected the public notices for the public meetings held during the engagement period and determined the Township 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 determine whether they were:
- Prepared – a file is created following the date of the meeting
 - Filed – placed with similar documents in an organized manner
 - Maintained - retained, at a minimum, for the engagement period
 - Open to public inspection – available for public viewing or request.
- We found no exceptions.

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

Other Compliance

- Ohio Rev. Code § 117.38 requires councils 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 Council 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 June 30, 2023 and 2022 in the Hinkle system. We found no exceptions.

We were engaged by the Council 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 Council of Government'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 Council 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.



Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2024

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OHIO AUDITOR OF STATE KEITH FABER



MIDLAND COUNCIL OF GOVERNMENTS

WAYNE 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 5/14/2024

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This report is a matter of public record and is available online at
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