



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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Status Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Village's financial institutions for two accounts. We found no exceptions. We also observed the year-end bank balances on the financial institution's website for the other six accounts. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation:
  - a. We traced each debit to the subsequent January financial institutions website. 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. We noted no exceptions.

### **Cash and Investments**

6. We tested investments held at December 31, 2012 and December 31, 2011 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 2012 and one from 2011:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger 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 Revenue Ledger Report to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Revenue Ledger Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the Vendor Detail – Auglaize County Report from 2012 and five from 2011.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - 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, 2012 and 2011 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 Revenue Ledger Report. The amounts agreed.
2. We compared the allocation of income tax receipts for the years ended December 31, 2012 and 2011 to the Village's funds according to the allocation requirements of Ordinance No. 2011-11-07 for 2012 and 2010-11-06 for 2011. The allocation agreed with the amounts the Ordinances requires.

### **Water, Sewer, and Electrical Operating Funds**

1. We haphazardly selected 10 Water, Sewer, and Electrical Operating Funds collection cash receipts from the year ended December 31, 2012 and 10 Water, Sewer, and Electrical Operating Funds collection cash receipts from the year ended 2011 recorded in the Receipt Register Report and determined whether the:

**Water, Sewer, and Electrical Operating Funds (Continued)**

- 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 \$522 and \$474 of accounts receivable as of December 31, 2012 and 2011, respectively.
  - b. Of the total receivables reported in the preceding step, \$291 and \$271 were recorded as more than 90 days delinquent.

**Debt**

1. From the prior audit documentation, we noted the following bonds, notes and loans outstanding as of December 31, 2010. These amounts agreed to the Villages January 1, 2011 balances on the summary we used in step 3 except for the Street Assessment Notes (Mill, South St) were reported at \$18,755 in the prior audit and the Debt Amortization Schedule Summary was \$18,701. We recommend the Village to correct their debt balances on the Debt Amortization Schedule Summary to agree with the audited debt schedule.

Issue	Principal outstanding as of December 31, 2010:
<b>Governmental Activities:</b>	
Industrial Park Note	\$256,837
2006 OPWC Loan, South St	66,375
2003 OPWC Loan, Botkins/Angle St	13,800
2001 OPWC Loan, Mill St	39,600
2008 OPWC Loan, Laura St	49,520
Street Assessment Notes (Mill, South St)	18,755
Street Assessment Notes (Botkins/Angle St)	6,920
Main Street Sewer OPWC (CM36M)	17,884
<b>Business-Type Activities:</b>	
1999 Mortgage Revenue Bonds (original amount \$380,000)	260,000
General Obligation Bonds, WW (original amount \$250,000)	155,000
OPWC Water Works (original amount \$305,325)	152,664

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3 except we noted there was General Fund-other debt proceeds and Debt Service-other debt proceeds of \$932 and \$2,156 posted in 2012 instead of other financing sources. Also \$505 in the General fund and \$3,938 in the Debt Service fund for 2011. We also noted on the debt summary in step 3, debt proceeds and debt payments of \$140,937 were recorded for the refinancing of the Industrial Park note but were not recorded in the Receipt Register and Payment Register reports for 2012. The net effect of this is zero; therefore, no fund adjustment is necessary.

**Debt (Continued)**

3. We obtained a summary of bonded, note, and loan debt activity for 2012 and 2011 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 except the Village refinanced the Industrial Park note in 2012 for \$140,937 was not recorded in the Receipt Register and Payment Register reports but was included on the Schedule of Outstanding Debt.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Sinking Industrial Park and New Knoxville Supply building fund per the Receipt Register Report, however the village did not record the proceeds of \$140,937 in the Sinking Industrial Park and New Knoxville Supply Building fund as required by Ohio Rev. code Section 5705.09(E). The net effect of this is zero; therefore, no fund adjustment is necessary.
5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Village must use the proceeds to pay off the Industrial Park Note. We scanned the Payment Register Detail Report and noted the Village repaid the Industrial Park note in July of 2012.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 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 2011-11-08 for 2012 and Ordinance 2010-11-07 for 2011. 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, 2012 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 2012. 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	January 31, 2013	December 28, 2012	\$2,936.67	\$2,936.67
State income taxes	January 15, 2013	December 28, 2012	\$624.15	\$624.15
School District Income Taxes	January 15, 2013	December 28, 2012	\$134.05	\$134.05
OPERS retirement	January 30, 2013	December 28, 2012	\$5,060.27	\$5,060.27

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

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2012 and ten from the year ended 2011 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.

### **Mayors Court Transactions and Cash Balances**

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2012 and December 31, 2011 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2012 and 2011 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 balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 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 partial payments of a judgment, which is not an exception.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2012 and one month from the year ended 2011 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, Fire Marshal and Electric funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Fire Marshal 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 2012 and 2011 for the following funds: General, Fire Marshal and Electric funds. 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, Fire Marshal and Electric funds for the years ended December 31, 2012 and 2011. 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, 2012 and 2011 for the General, Fire Marshal and Electric funds, 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, 2012 and 2011. 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 2012 and 2011 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 \$6,000 as of December 31, 2012, and was \$5,000 as of December 31, 2011, 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.



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

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, 2012, and was \$35,050 as of December 31, 2011, which agreed to the balance requirement.

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

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2012 and 2011 for material or labor procurements which exceeded \$25,000 and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified no purchases subject to the aforementioned bidding requirements.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2012 and 2011 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

April 5, 2013

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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 9, 2013