



Dave Yost • Auditor of State

**Village of Newcomerstown
Tuscarawas County, Ohio**

Report on Accounting Methods

Local Government Services Section

**Village of Newcomerstown, Tuscarawas County
Report on Accounting Methods**

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CERTIFICATION

In compliance with the requirements set forth in Section 118.10(A) of the Ohio Revised Code, an assessment of the methods, accuracy, and legality of the accounts, records, files, and reports of the Village of Newcomerstown was conducted. This report on accounting methods states whether there are adequate controls in place to assure confidence in the records. The control deficiencies and instances of non-compliance with State statutes and the Ohio Administrative Code are identified throughout this report. Therefore, pursuant to Section 118.10 of the Revised Code, a "Report on Accounting Methods" is hereby submitted and certified to Sharon Hanrahan, Chairman of the Financial Planning and Supervision Commission of the Village of Newcomerstown, James Friel, Mayor and Presiding Officer of Council, and Jim Carr, President Pro Tempore of Council of the Village of Newcomerstown.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 24, 2015

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Village of Newcomerstown – Tuscarawas County

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Purpose

As required by Section 118.10(A) of the Revised Code, the Auditor of State "...shall issue a preliminary report with respect to the methods, accuracy, and legality of the accounts, records, files, and reports of the municipality. Such report shall state whether Chapter 117 of the Revised Code and the requirements of the office of the Auditor of State have been complied with..."

Accordingly, this report centers upon the following: (1) whether the current accounting system fulfills the needs of the Village, and (2) whether the current accounting system is in compliance with Chapter 117 of the Revised Code and the requirements of the Auditor of State. Information for this report was obtained by interviewing Village personnel and reviewing pertinent accounting, financial and budgetary records.

This report is intended solely for the use of the Financial Planning and Supervision Commission of the Village of Newcomerstown. We were not engaged to, nor did we, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

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Governance Overview

The Village of Newcomerstown (the “Village”) is located in Tuscarawas County. The Village is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Operating as a statutory village, Newcomerstown must comply with all State laws regulating Village government. The decision-making process is directed by an elected Village Council and Mayor.

The Village Council is the legislative authority of the Village and consists of six members who are elected at large and serve terms of four years. The Village Council elects a President Pro Tempore to preside over the Village Council meetings in the Mayor’s absence. The Village Council has the authority to prescribe, by ordinance, the manner in which any power of the Village shall be exercised.

The Mayor is the chief executive officer of the Village and serves a term of four years. The Mayor supervises the administration of the Village. The Mayor makes recommendations to Village Council and has voting rights only in the case of a tie.

Because the Village has chosen to exercise Section 733.262 of the Revised Code, the Mayor, with Village Council approval, appoints a Fiscal Officer who also serves as Clerk for the Village Council. The Clerk attends all Village Council meetings and keeps a record of all proceedings, rules, bylaws, and legislation. In addition, the Fiscal Officer keeps accurate statements of all monies received and expended by the Village, keeps records of all property owned by the Village and of all taxes and assessments. The Fiscal Officer performs the accounting procedures for the Village necessary to comply with the administrative rules adopted by the Auditor of State.

Village Council contracts with an attorney to handle any legal matters for the Village. The Village Solicitor is the chief legal officer of the Village.

Services provided by the Village include police, street maintenance and repair, maintenance of state highways within the Village, street lighting, park operations including the pool, and water and sewer operations.

On October 11, 2012, the Village was declared to be in a state of fiscal emergency by the Auditor of State in accordance with Revised Code Section 118.04. A Financial Planning and Supervision Commission (the Commission) was established under Section 118.05 of the Ohio Revised Code. The Commission membership is as follows:

1. The Director of the State office of Budget and Management or a designee;
2. The Mayor of the Village or a designee;
3. The President Pro Tempore of Village Council or a designee;
4. The Treasurer of State or a designee; and
5. Three individuals appointed by the Governor with knowledge and experience in financial matters who are residents of the Village; or principal place of professional or business activity is in the Village.

The powers, duties, and functions of the Commission may include:

1. Review all tax budgets, tax levy ordinances and bond and note resolutions or ordinances, appropriation measures, and certificates of estimated resources, to ensure they are consistent with the financial recovery plan;

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2. Inspect and secure copies of pertinent documents of the Village;
3. Inspect and secure copies of pertinent documents of the County or State agencies relating to the Village;
4. Review, revise and approve determinations and certifications affecting the Village made by the County Budget Commission or the County Auditor;
5. Bring civil actions to enforce fiscal emergency provisions;
6. Approve the amount and purpose of any debt obligations;
7. Implement steps necessary to bring accounting records, accounting systems and financial procedures and reports into compliance with rules established by the Auditor of State;
8. Make and enter into all contracts necessary or incidental to the performance of its duties;
9. Make recommendations for cost reductions or revenue increases to achieve a balanced budget; and,
10. Annually, before April 1, make a report and recommendations to the Speaker of the House of Representatives and the President of Senate on the progress of the Village.

This Commission initially adopted a financial recovery plan on June 24, 2013. A revised financial recovery plan was subsequently adopted on December 22, 2014. By State statute, the Village must operate within the provisions of the recovery plan.

The Commission will continue in existence until the Auditor of State, or the Commission itself, determines that:

1. An effective financial accounting and reporting system is in the process of being implemented and is expected to be completed within two years;
2. All of the fiscal emergency conditions have been corrected or eliminated and no new emergency conditions have occurred;
3. The objectives of the financial recovery plan are being met; and,
4. The Village Council has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "non-adverse."

Section 118.31 of the Revised Code provides the procedures for legal action to dissolve a municipal corporation. If a petition is approved by the financial planning and supervision commission, if any, the attorney general shall file a legal action in the court of common pleas on behalf of the state to dissolve a municipal corporation if the municipal corporation has less than five thousand residents as of the most recent federal census, the municipal corporation has been under fiscal emergency for at least four consecutive years, and the implementation of the financial plan cannot be reasonably expected to correct and eliminate all fiscal emergency conditions within five years. If the court of common pleas finds that all of these conditions apply, a receiver is appointed by the court to work with the officers of the municipal corporation to wind up the affairs of and dissolve the municipal corporation.

Once these requirements are satisfied and certified to the Commission, the Governor, the Director of the Office of Budget and Management, and the County Budget Commission; the Commission will be terminated.

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Budgetary System

Description of an Effective Budgetary System

The legally adopted annual budget plays a unique and central role in determining the amount and type of financial resources that will be raised and how those financial resources will be spent. Annually, a budget consisting of estimated receipts and disbursements for each fund for the next year should be presented to the governing body with sufficient time for review and public input. The budget should identify the major sources of receipts and the programs, activities and major objects of disbursements. The budget should encompass current operations and maintenance, capital acquisition and replacement and debt retirement. The budget, once approved by the legislative authority, should be the basis for the appropriation measure. The appropriation measure should identify, by fund, departments/activity, and object, the amount of resources authorized to be expended for the various governmental functions and programs. The amount appropriated for each fund should not exceed the estimated resources available in that fund for the year. The estimated revenues and appropriations should be integrated with the accounting system to ensure and demonstrate compliance with the budget and allow for ongoing and timely information on unrealized receipts and balanced available for disbursement.

Statutory Requirements

The budgetary process for the Village is prescribed in Chapter 5705 of the Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance. In addition, section 5705.10 requires that money paid into any fund shall be used only for the purposes for which such fund is established.

The Tax Budget: The Mayor should prepare an annual tax budget of the estimated receipts and disbursements for all funds of the Village for the period of January 1 to December 31 of the following year. The budget must be filed in the Fiscal Officer's office for public inspection ten days prior to adoption by the Village Council. At least one public hearing must be held for discussion of the budget, of which public notice shall be given by at least one publication not less than ten days prior to the date of hearing in the official publication of the Village, or in a newspaper having general circulation in the Village. Village Council is required to adopt the budget by July 15 and the budget must be submitted to the Tuscarawas County Budget Commission by July 20 of each year.

The County Budget Commission examines the budget to ascertain that all tax levies of the Village are properly authorized. The Budget Commission also revises and adjusts the estimated receipts for property taxes and local government fund allocations. The Budget Commission then prepares and submits to the Village the Resolution Accepting Rates for Village Council's consideration. Village Council must accept or reject the rates outlined in the Resolution and file the Resolution with the Budget Commission. On or about October 1, Village Council must authorize, by resolution, the necessary tax levies and certify them to the County Auditor.

The County Budget Commission may, by an affirmative vote of a majority of the Budget Commission, waive the requirement that Village Council adopt a tax budget as provided under section 5705.28 of the Revised Code, but shall require the Village Council to provide such information to the Budget Commission as may be required by the Budget Commission to perform its duties under Chapter 5705 of the Revised Code, including allocating inside millage to each subdivision or taxing unit.

Certificate of Estimated Resources: The Budget Commission issues an official certificate of estimated resources on or about September 1, based on information provided in the tax budget and other information available to the Budget Commission.

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Section 5705.36 of the Revised Code requires that on or about January 1, the Fiscal Officer certifies the actual year end balances for all funds to the Budget Commission. Upon receipt of the information, the Budget Commission issues an amended official certificate of estimated resources that includes the unencumbered fund balances at December 31. Further amendments may be made during the year if the Fiscal Officer determines that the revenue to be collected by the Village will be greater than or less than the amount included in the amended official certificate of estimated resources.

Appropriations Ordinance: Section 5705.38 of the Revised Code requires that on or about January 1, the annual appropriation ordinance must be enacted by Village Council. Prior to the passage of the annual appropriation measure, a temporary appropriation measure may be passed to meet the ordinary expenses of the Village until April 1. The appropriation ordinance, by fund, must be within the estimated resources as certified by the County Budget Commission. Appropriation measures must be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services. Any revisions that alter the total of any fund appropriations or alter the levels adopted by Village Council must be approved by Village Council. The Village may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent amended certificate of estimated resources.

The Clerk of Village Council is required to certify a copy of each appropriation ordinance to the County Budget Commission. No appropriations are effective until the County Auditor provides a certificate indicating the appropriations, by fund, are within the estimated resources.

Encumbrances: As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are encumbered and recorded as the equivalent of disbursements in order to reserve that portion of the applicable appropriation and to maintain legal compliance with the adopted appropriations. Disbursements plus encumbrances may not legally exceed appropriations.

Administrative Code Requirements

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The legal level of control is the level at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. For all local public offices subject to provisions of Chapter 5705 of the Revised Code, the minimum legal level of control is described in Section 5705.38 of the Revised Code. The legal level of control is a discretionary decision made by the legislative authority and must meet or exceed the level prescribed in Section 5705.38 of the Revised Code.

Methods Used by the Village

The Tuscarawas County Budget Commission has waived the requirement that the Village adopt a tax budget. In place of the tax budget, the Budget Commission requires alternative tax budget information which includes the following schedules: Exhibits showing detailed estimated resources and disbursements of the general fund and funds other than the general fund receiving property taxes, as well as estimated resources and disbursements by fund for all funds. The alternative tax budget is reviewed and adopted by Village Council on or about September 15, prior to submitting it to the County Budget commission on or about September 20, according to County policy. The alternative tax budget information for 2015 was adopted by the Village Council on September 15, 2014.

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Village Council adopted a resolution to authorize the rate of the tax for the levies to be collected in 2015 on November 3, 2014. The County is required to provide the Village with a certificate of estimated resources based on the tax budget by September 1. The original certificate of estimated resources was received from the County in November 2014.

In September, work begins on appropriations for the following year. Appropriations are based on history, trends and other known factors, and are established at the fund, function and object level of disbursements. Temporary appropriations must be approved through a resolution by Village Council by year-end. Permanent appropriations must be approved through a resolution by the first day of April. Once approved, the appropriation ordinance is submitted to the Budget Commission and appropriations are recorded into the accounting system. The Budget Commission verifies that appropriations, by fund, do not exceed estimated resources and, if so confirmed, returns a certificate indicating such. For 2015, the Village Council approved the permanent appropriation ordinance on December 1, 2014, and filed the ordinance with the County Auditor on December 9, 2014. The Village amended their certificate of estimated resources at this time.

During 2015, through resolutions, Village Council approved supplemental appropriations and, if necessary, requested changes from the Budget Commission to the Amended Certificate of Estimated Resources. Supplemental appropriations were submitted to the budget commission for approval certificates. When amendments to appropriations or estimated resources are made, the Fiscal Officer enters the updated budget amount into the system.

Revenue and expenditure reports are prepared monthly by the fiscal officer. These reports allow the Fiscal Officer to compare actual revenue and expenditures (including encumbrances) with budgeted amounts and to report significant variances to Village Council.

In recent years, appropriations have been insufficient in certain funds and expenditures exceeded the approved appropriations in those funds. Common purchasing practices in the Village have caused issues with more being spent than is appropriated for a given account. These practices include making purchases without notifying the Fiscal Officer or completing the process of obtaining a purchase order. In addition, appropriations and fund balances were not monitored throughout the year, leading to overspending and deficit cash balances in several funds.

Auditor of State Comments

- Pursuant to Section 5705.10, Revised Code, money paid into any fund of the Village shall be used only for the purposes for which such fund is established. During 2011, 2012, 2013, and 2014 the Village had deficit cash balances in various funds. These funds included general, cemetery, park, police pension, sewage, and water well field funds. The Village should not use money from one fund to pay the obligations of another fund.
- Pursuant to Section 5705.41 (B), Revised Code, the Village should not make any expenditure of money unless it has been appropriated. During 2012 and 2013 the City had expenditures plus encumbrances that exceeded the Village Council adopted appropriations. The Village should only spend and encumber money within the amount of adopted appropriations.
- Village Council adopts appropriations as needed, but amended certificates of estimated resources are requested periodically. Pursuant to Section 5705.39, Revised Code, appropriations should be limited to the estimated resources reflected on the amended certificate at the time of adoption. Prior to appropriating the additional or new resources, the Fiscal Officer should request an amended certificate from the County Budget Commission based on reasonable estimates and/or actual receipts.

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Chart of Fund and Account Codes

Description of Effective Chart of Fund and Account Codes

Common terminology and classification should be used throughout the budgeting, accounting, and financial reporting activities. The consistent use of fund and account codes is necessary to classify and summarize receipt and disbursement transactions. Fund codes should allow for the classification and identification of fund types and the individual funds. Receipt and disbursement codes should allow the transactions to be summarized by major revenue sources or disbursement program. Major object codes for disbursements should be used consistently throughout the various program/activity codes.

The Village should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established.

Statutory Requirements

The creation of funds is authorized by section 5705.09 of the Revised Code. Section 5705.13 of the Revised Code allows for the creation of a reserve balance for budget stabilization, for the payment of claims under a self-insurance program, and for the payment of claims under a retrospective workers' compensation plan. This section also allows for a special revenue fund to accumulate resources for the payment of sick and vacation leave. Additionally, it allows for creation of capital projects funds to accumulate resources for up to ten years for the acquisition, construction, or improvement of capital assets. Funds may also be established under section 5705.12 of the Revised Code with the written approval of the Auditor of State.

Methods Used by the Village

The Village utilizes Creative Microsystems, Incorporated (CMI) software. The Village establishes funds as required by the Ohio Revised Code. The Fiscal Officer assigns the new fund numbers. The fund numbers are assigned based on a chart of funds that reflects its fund type classification. The current fund structure includes: 100's – General; 200's – Special Revenue; 300's – Debt Service; 400's – Capital Projects; 600's – Proprietary; and 800's – Trust and Agency. Account codes are assigned and entered into the computer system by the Fiscal Officer based on the type of account. Each account code consists of five digits. The first two digits of an expense code are always 52, the last three digits are based on the following expenses: 100's – personal services; 300's – contractual services; 400's – materials and supplies; and 500's – capital outlay

Auditor of State Comments

None

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Accounting Journals and Ledgers

Description of Effective Accounting Journals and Ledgers

The accounting journals and ledgers of the Village should allow for ongoing and timely information on estimated and actual revenues, disbursements and encumbrances, comparison of expenditures to the appropriation authority, available cash balances for each fund, and the available treasury balance. The information captured for each transaction should allow the transaction to be trailed throughout the ledgers and back to the document that originated the transaction.

Administrative Code Requirements

Ohio Administrative Code section 117-2-02(A) requires that all local public offices maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Administrative Code Section 117-2-03.

Section 117-2-02(C)(1) of the Ohio Administrative Code requires that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized receipts and remaining uncommitted balances of appropriations.

Section 117-2-02(D) of the Ohio Administrative Code states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Such records should include the following:

Cash Journal – The cash journal is the book of original entry for recording all cash receipts and disbursements processed in the Fiscal Officer’s office. The cash journal presents receipts deposited to and checks drawn against the Village treasury and the fund to which the receipts and checks were recorded. Entries to the cash journal are posted sequentially by date from source documents, such as pay-in orders and checks. The related pay-in order or check number, account codes, and date are also recorded for each transaction. At the end of each month, month to date totals and year to date totals are to be recorded.

Receipt Ledger – The receipt ledger is used to summarize receipts by fund and account. In addition, the estimated receipts and uncollected balance is presented for each source of revenue. Estimated receipts are recorded from the detail and/or supplemental information used in the preparation of the tax budget and is adjusted for any amendments to the certificate of estimated resources. Receipt transactions are posted from the cash journal based on the account code. A balance reflecting the estimated amount remaining to be received is maintained. At the end of each month, month to date totals and year to date totals are to be recorded.

Appropriation Ledger – The appropriation ledger is used to summarize appropriations, disbursements and encumbrances, by fund and account. In addition, the ledger should reflect the encumbering of obligations of the Village, identifying the warrant/check issued for the payment of the obligation, and accommodate any adjustments to an appropriation account. The ledger also facilitates budgetary control by enabling the Fiscal Officer to keep the Village’s disbursements and encumbrances within the amounts appropriated by Village Council. The unencumbered appropriation balance provides information on the amount available for disbursement. At the end of each month, month to date totals and year to date totals are recorded.

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Methods Used by the Village

The Village uses CMI for payroll and finance and Governmental Accounting Software for utilities to maintain its accounting records. The Village has software and system support services with CMI and Governmental Accounting Software for their various applications. The Village has two sets of servers. The servers stored in the Fiscal Officer's office back up the software used by the Village. These servers are protected by two separate doors that are kept locked at night. The second set of servers are kept in the police station and back up the Village's software as well as saved files. These servers are also protected by locks and security cameras.

The CMI software incorporates estimated revenues and appropriations by fund and account. The software program allows for the accumulation and aggregation of budget and actual information. Detailed receipt and expenditure information is accumulated by fund, revenue source, expenditure program, department and object code. The software provides month and year-to-date information and detailed and summary information for receipts and expenditures. The Fiscal Officer's office has a CMI accounting system user manual referencing financial management and payroll processes, including steps to be taken at year-end.

System backups for the Village are done on the servers by the Fiscal Officer. The Fiscal Officer switches out the tapes each day. The backup tapes are stored in a safe in the Fiscal Officer's office.

The Village does not have a written disaster recovery plan identifying how the Village would restore operations, including information technology and accounting functions if the Village would experience a serious incident (flood, explosion, computer malfunction, accident, grievous act).

Auditor of State Comments

- The Village does not have a written disaster recovery plan for the restoration of operations in the event of a serious incident. A disaster recovery plan should be adopted by Village Council. Included in this plan should be procedures regarding backup tapes, such as keeping them at a location separate from computers and servers.

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Receipt Transactions

Description of an Effective Method for Recording Receipts

The receipting process should allow for consistent classification and identification. All receipts should be promptly recorded, safeguarded, and deposited at least daily. A pre-numbered, multi-part receipt form or a system generated receipt form should be issued for any payment received by departments. The receipt should bear the name of the entity and reflect the date received, the payer, the amount, the purpose/nature of the receipt, the account code and the signature or name of the person preparing the receipt. Departmental receipts should be summarized and remitted to the fiscal office daily. The fiscal office should issue pay-ins to those departments depositing daily collections to the fiscal office and for any payments received by the fiscal office. The pay-in forms should be a multi-part, pre-numbered form that bears the name of the entity, the date received, the payer, the amount, the purpose/nature of the receipt, the account code and the signature or name of the person preparing the pay-in. Supporting documents should be attached to a copy of the pay-in and filed numerically or by payer. All pay-ins should be recorded in the cash journal and receipts ledger in a timely manner.

Statutory Requirements

Section 9.38, Revised Code, provides that a person who is a public official, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public monies so received does not exceed one thousand dollars, the person shall deposit the monies on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

Section 733.40 of the Revised Code requires all fines, forfeitures, and costs in ordinance cases, and all fees that are collected by the Mayor that in any manner come into the Mayor's hands, or that are due the Mayor or a marshal, chief of police, or other officer of the municipal corporation, and all monies received by the Mayor for the use of the municipal corporation shall be paid by the Mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the Mayor shall submit a full statement of all monies received, from whom and for what purposes they were received, and when they were paid into the treasury.

Administrative Code Requirements

Section 117-2-02(D)(1) of the Ohio Administrative Code requires the date, amount, receipt number, account code, and any other information necessary to properly classify the receipt transactions be recorded in the cash journal. Section 117-2-02(D)(2) of the Ohio Administrative Code requires the amount, date, name of the payor, purpose, receipt number, and other information required for the transaction to be recorded in the receipts ledger.

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Methods Used by the Village

Village Fiscal Officer's Office

The Village Fiscal Officer, Water and Sewer, Police, and Park Operations are all departments within the village that accept payments. Water and Sewer, Police, and Parks Operations all have processes in place to receive payments and to deposit and/or submit supporting documentation to the Fiscal Officer.

When the Fiscal Officer receives funds from citizens for shelter rentals and cemetery lots, a pre-numbered, hand-written receipt is prepared and given to the payee along with a copy being retained by the Fiscal Officer. A two-part receipt is also prepared when payments and/or supporting documentation is received by the Fiscal Officer from the other departments. One copy goes to the payee department, and one copy is retained for the Fiscal Officer's files. The payments are deposited into the general checking account either the same day or the next business day. If no cash is received and checks are in small amounts (typically less than \$1,000), they may be held in the Fiscal Officer's office for a short period before deposit.

Wire transfers are received for local government, gas tax, license tax, and municipal income taxes. The Fiscal Officer receipts these payments into the system before performing the reconciliation by viewing the bank statement for electronic deposits. The deposits list the reason for the deposit, which the Fiscal Officer uses to make a pay-in order and post the amounts into the proper account.

Once the funds have been deposited, pay-in orders are prepared using the receipts and deposit slip. A receipt batch is then opened in CMI and information from the pay-in orders is transferred into the system. The batch is closed and posted to the system, and a Receipt Journal report is run and printed. The Fiscal Officer checks this report against the receipts and deposit slip to ensure that all data was entered correctly. The Receipt Journal Report is then stapled to the corresponding pay-in orders, receipts and deposit slip. The packets are stored in the Fiscal Officer's office in a filing cabinet. The Fiscal Officer's office door and the door to the Fiscal Officer's office area are both locked whenever the Fiscal Officer is not there in order to protect records.

The only receipts that do not pass through the Fiscal Officer's office are water and sewer utility receipts. The Water and Sewer Department deposits the funds themselves, as discussed below.

Water and Sewer

The Water and Sewer Department of the Village is responsible for the supervision of and collection of receipts for water and sewer services from the Village's patrons. Billing for the Water and Sewer Department for patrons and commercial entities is done monthly. Billing stubs are mailed out each month, and payment is due before the 17th day of the month, unless it falls on a weekend, at which point it is due the following Monday.

Payments can be made with cash, check or money order through the mail or in person at the Water and Sewer Office. Payments are received along with half of the billing stub that is mailed to the customer. When these payments are received by the department, the amounts and account numbers are entered into the daily register in the system. Once per day, in the mid-afternoon, a calculator tape is run of the billing stubs received for the day and it is tied to the printed system register for the day and check marked showing that it has been tied. A deposit slip is then prepared that includes each payers account number and the deposit is made at the bank by the Office Manager or Billing Clerk. The deposit slip is stored together with the register and calculator tape for that day.

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Patrons can also make their payment at the IGA grocery store in the Village. On Monday, IGA writes a check to the Village in the amount of the total cash payments they received from the prior week. One of the department laborers or the superintendent then picks up all checks, money orders and billing stubs received. Once the payments come to the office, they are processed, entered into the register and deposited the same as all other payments. This payment option is only available prior to the penalty date of the 17th of the month.

Finally, patrons can set up automatic payments directly out of their bank account. There is a form the patron must fill out with the Water and Sewer department to authorize these payments. Once set up, the ACH transactions are done on the 16th day of each month unless it falls on a weekend, in which case the payments are done the following Monday. To initiate these payments, the Office Manager prints a system report showing each automatic withdrawal account and the total of how much should be received through ACH transactions. The Office Manager then goes into the online banking system and initiates the automatic debits. A report is then printed from the banking system showing how much was received in total through the ACH transactions.

If payments are received after the register is printed and the deposit is made for the day, they are stored in a combination safe in the office until the next morning when they are processed as discussed above. At the end of the day, the change drawer in the office is counted by either the Office Manager or Billing Clerk to make sure the starting amount of \$100 is in the drawer. A calculator tape is run showing the \$100 balance. The tape is initialed and dated by the individual who counted it and stored in the change drawer.

At month-end, a report is generated showing all receipts during the month and sent, along with the ACH transaction report printed from the banking system, to the Fiscal Officer for processing in the Village's CMI system.

Police

The Newcomerstown Police Department brings in receipts for Mayor's court, public records requests, parking and traffic tickets, and jail fees. The Department accepts exact cash or check as payment, and handwritten receipts are made out by the Police Department Clerk, with the white copy going to the payer and the yellow copy remaining with the Department.

When cash or checks are taken in, they are stored in one of two safes in the Department. One is locked by key, and the key is stored in a lock box. The other safe uses a combination lock, and the combination is known by the Chief of Police and the Police Department Clerk. The payments are remitted from the Police Department Clerk to the Fiscal Officer weekly with a list showing the amounts, who they were from, and for what purpose. Once the Fiscal Officer receipts these into the system, the documentation of payments is sent back to the Police Department Clerk with a receipt for the amount receipted into the system attached.

At the end of their shifts, all officers place any tickets they wrote on a tray in the Police Department Clerk's office. Once per day when the Police Department Clerk is on duty, Monday through Wednesday, the tickets are entered into the RIMS software system. A docket is then hand-written for each case, and pending tickets are stored together in a book. Once a ticket is paid and/or is heard in court, the docket is updated accordingly. Tickets have four total colored copies. The blue copy is given to the defendant at the time the ticket is written and is to be sent in with payment, while the white, yellow, pink, and hard copies are brought to the Police Department Clerk. The white copy is stored in the Police Department Clerk's office in a filing cabinet. The yellow copy is sent to the State if the case stays with the Village, or to the Southern District Court of Tuscarawas County if the case is to go through them. If there is a case file for the ticket, the pink copy is stored with its corresponding case. If there is no case file, the pink copy is stored with the white copy in the Police Department Clerk's filing cabinet.

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The only payments that are tracked electronically by the Police Department Clerk are Mayor's court receipts, which are entered into a spreadsheet maintained by the Police Department Clerk that includes client names, amounts and purposes. This spreadsheet is sent to the Fiscal Officer once per month.

Pool

The Newcomerstown Village pool located at Cy Young Park brings in receipts for pool admission, pool season passes, events and concessions. Pool admission costs \$3 for individuals five years of age and older on weekdays and \$4 on weekends. Children four years of age and younger get in for free. Season passes for the pool have different price tiers that vary depending on if the pass is purchased at presale price. For 2015, a family pass cost \$150 (\$125 presale) for school district residents and \$170 (\$145 presale) for out of district residents. Individual passes were \$65 (\$50 presale) for district residents and \$75 (\$60 presale) for out of district residents.

For several weeks in May, presale season passes are available to purchase at the Village Administration Building Monday through Friday. In addition, presale passes can be purchased at the pool on one Saturday in May. All passes sold after the presale dates are available for purchase at the pool at regular price. Payments for presale season passes are accepted by cash or check. The receipts from the Saturday presale are deposited to the bank by the Pool and Park Manager at the end of the day. The presale receipts received at the Village Administration building during the week are left with the Fiscal Officer at the end of each day by the Pool and Park Manager.

Admissions are paid in cash and are collected by the Assistant Pool and Park Manager. Patrons also use a sign in sheet indicating their name, whether the individual is over or under five years of age, and how much was paid. Receipts for pool parties and special events are taken in the same way. Hand-written receipts are made out for patrons paying large amounts for parties or large special events. At the end of the day, the Pool and Park Manager goes to the pool and runs a calculator tape adding up admissions listed on the sign-in sheet and any yellow copies of hand-written receipts. Funds equaling the total receipts on the tape are removed from the cash register, and the cash drawer is counted to make sure the proper amount of change, \$100, is left in the drawer. If there is not \$100 in the drawer at this time, the discrepancy is investigated and corrected. The funds are deposited to the bank by the Pool and Park Manager, and the related reports and deposit receipt are remitted to the Fiscal Officer's office.

Staffing of the concession stand is subcontracted out through the Department of Developmental Disabilities of both Coschocton and Tuscarawas counties. Each day the staff fills out a form detailing receipts and starting funds. This form is kept with the day's receipts and the funds are handled the same as the pool receipts.

If the amounts being remitted to the Fiscal Officer at the end of the day did not match the accompanying reports in any department, the individual who did the day's closing would investigate what the amount of the discrepancy is and where it may have come from.

Auditor of State Comments

- According to Revised Code Section 9.38, all monies must be remitted to the Fiscal Officer by the next business day after receipt. If the amount is less than \$1,000 and a policy is specifically adopted outlining the procedures, the monies can be held up to a maximum of three business days after the day of receipt. The Police Department remits funds received to the Fiscal Officer on a weekly basis. The Village should institute a specific policy outlining how many days cash may be held, up to a maximum of three, and relevant procedures.

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- The Village does not have a policy in place that addresses the safeguard of public monies until they are deposited. According to Revised Code Section 9.38, the Village should have a policy in place that addresses the safeguard of public monies until they are deposited. This policy should provide for effective storage on Village property of these funds.
- Water and Sewer Department receipts are posted in a monthly lump sum amount one month in arrears. Water and Sewer Department receipts should be posted at least on a weekly basis.
- The Fiscal Officer only receipts wire transfers into the accounting system once per month by checking the bank account statement prior to reconciling. The bank account should be checked at least weekly for wire transfers that need to be receipted.

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Report on Accounting Methods

Purchasing Process

Description of an Effective Method for Purchasing

The process of purchasing goods or services should ensure that each transaction is properly authorized, documented, and recorded and that the purchasing process be integrated with the budget. The process should include a justification of need and selection of the vendor with the best price, as well as authorization by an appropriate individual. In addition, authorization must include the Fiscal Officer's certification of the availability of funds and that the amount has been appropriated and is free from previously encumbered obligations. All purchase orders should be in written form clearly indicating the items, quantities, and unit cost. Authorized purchase commitments should be recorded against a budget line item in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Statutory Requirements

Several State laws govern the purchasing process. The requirements are as follows:

Certification of the Fiscal Officer - Each contract or order for the disbursement of monies must be accompanied by a certificate of the Fiscal Officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing year, the amount required to meet the obligation in the year in which the contract is made, has been lawfully appropriated for such purposes and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the Fiscal Officer.

Blanket Certification of the Availability of Funds: The subdivision may utilize blanket purchase orders for authorizing obligations for a particular purpose that does not extend beyond year end in an amount established by resolution of the Village Council. A general certification of this type may be established for any appropriation line item and need not identify a specific vendor. This type of purchase order is used for routine, recurring type items or for unanticipated emergencies. An itemized statement of obligations incurred and disbursements made under such certificate shall be rendered to the auditor or other chief fiscal officer before another such certificate may be issued, and not more than one such certificate per appropriation line shall be outstanding at a time.

“Super” Blanket Certification of the Availability of Funds: The super blanket certification permits the Fiscal Officer to certify any amount from a specific line item appropriation. The certification is authorized to be outstanding for any period up to the end of the year and more than one certificate is permitted to be outstanding at one time. The certification must identify a specific line item appropriation in a specific fund. The certification may be limited to a specific vendor, if desired. A list of obligations incurred and disbursements made under each certification must be maintained and provided by the Fiscal Officer.

Purchases that may be made through the use of a super blanket certificate are the services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor or appraiser by or on behalf of the subdivision; fuel oil, gasoline, food items, roadway materials, utilities, and any purchase exempt from competitive bidding under Revised Code Section 125.04, and any other specific disbursement that is a recurring and reasonably predictable operating expense.

Then and Now Certification - It is intended that the Fiscal Officer's certification be secured at the time a purchase order is issued or a contract is executed. If timely certification was not obtained, contracts or purchase orders may be certified at the time of payment but the certification must indicate that, both at the time the order was placed (then) and at the current time (now), a sufficient sum was appropriated for the purpose of such contract and is in the treasury or in process of collection to the credit of an appropriate fund

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free from any previous encumbrances. If the amount exceeds \$3,000, the Village Council has thirty days from the receipt of such certificate to approve payment by resolution. If approval is not made within thirty days, there is no legal liability on the part of the Village.

Authority to Contract - Contracts are made by the Village Council and executed in the name of the Village by the Mayor, except as otherwise specified by State statute.

Bidding - All contracts calling for disbursements in excess of \$50,000 shall be in writing and made to the lowest and best bidder. Revised Code section 731.14 requires that bids be opened and publicly read by the Fiscal Officer at the time, date, and place specified in the advertisement for bids. Village Council must authorize and direct all such disbursements. Exceptions to the bidding requirements include contracts for:

1. Personal services of a specialized nature;
2. Goods and services when only one source is available;
3. Work to be done or for the purchase of supplies and materials in any department of the Village if a real and present emergency exists;
4. The purchase of used equipment and supplies at a public auction or at a sale where bids are required by all parties wishing to purchase;
5. Purchases from other political subdivisions and agencies; and
6. Goods purchased under the State Cooperative Purchasing Program.

Findings for Recovery Database - Effective January 1, 2004, State statute (Revised Code section 9.24) prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to a person against whom a finding for recovery has been issued by the Auditor of State on or after January 1, 2001, if the finding for recovery is unresolved.

Per Auditor of State Bulletin 2004-006, a contract for purposes of Section 9.24 of the Revised Code is awarded when a written agreement is executed pursuant to a formal competitive contracting procedure that may include competitive bidding, requests for proposals, or invitations to bid. A purchase arrangement that does not involve competitive contracting procedures does not constitute the awarding of a contract and is not subject to Revised Code section 9.24. For purchases made from the State term schedule, the Ohio Department of Administrative Services engages in a contracting process as described under Attorney General Opinion 2004-014 and, consequently, is required to comply with Revised Code section 9.24. State agencies and political subdivisions that purchase from the State term schedule do not engage in their own contracting processes and are not subject to the provisions of Revised Code section 9.24.

Section 9.24 (G)(1)(a) of the Revised Code states that the only contracts subject to the provisions of the statute are those contracts in which the cost of goods, services, or construction exceeds \$25,000. Section 9.24 (G)(1)(b) of the Revised Code provides an exception to this rule and applies the statute to a contract awarded to any person who, in the previous year, received contracts from the State agency or political subdivision, the aggregate of which exceeded \$50,000.

Delinquent Personal Property Taxes - Section 5719.042 of the Revised Code provides that after the award by a taxing district of any contract let by competitive bid, and prior to the time the contract is entered into, the person making a bid shall submit to the Fiscal Officer a statement affirmed under oath that the person with whom the contract is to be made was not charged, at the time the bid was submitted, with any delinquent personal property taxes on the general tax list of personal property of any county in which the taxing district has territory, or that such person was charged with delinquent personal property taxes on any such tax list, in which case the statement shall also set forth the amount of such due and unpaid delinquent taxes and any due and unpaid penalties and interest thereon. If the statement indicates that the taxpayer was charged with any such taxes, a copy of the statement shall be transmitted by the Fiscal Officer to the County Treasurer within thirty days of the date it is submitted.

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Campaign Financing (HB 694) - Section 3517.13 of the Revised Code states any bid or unbid contract, purchase order, or collective bargaining agreement with a value of more than \$500 requires the vendor to certify to the contracting authority that the vendor has not made a contribution to the contracting authority in an amount that exceeds the limits provided by law.

Administrative Code Requirements

Section 117-2-02(C)(2) of the Ohio Administrative Code states, “purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by Section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the Fiscal Officer’s certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services are made.”

Methods Used by the Village

A Village department makes the decision that they need to purchase an item or obtain service from an outside vendor. This process is initiated by a requisition. The requisition form is filled out by the employee who plans to make a purchase, typically the department head. First, the department head calls the Fiscal Officer and ask for a Purchase Order (PO) number. The Fiscal Officer enters some basic information about the planned purchase into a spreadsheet of PO numbers in order to hold the number for that requisition. The employee then fills out the requisition with the given PO number as well as the proper account code, what the purchase is for, and the vendor. The requisition is signed by the department head. The requisition is then sent along to the Fiscal Officer.

The Fiscal Officer uses the information on the requisition to generate a Purchase Order in the system, which is printed and attached to the requisition. These forms are stored in the Fiscal Officer’s office until they are ready to be paid, then the received invoice is stored along with the requisition and purchase order.

Any requisition for capital equipment over \$500 has to be approved by Village Council before the order can be placed. For all other disbursements, two Village Council members come in to the Fiscal Officer’s office while weekly check runs are being done to sign off on the invoices that are being paid. All three members of the Board of Public Affairs sign off on all of the Water and Sewer Department expenditures.

Blanket purchase orders are used for the purposes of utilities, office supplies, user fees, software licenses and computer support. As disbursements are made against these blanket purchase orders, invoices are sent to the Fiscal Officer, who processes them in the same way all other invoices are processed. There is no written policy, resolution, or ordinance that sets a limit on blanket purchase orders.

A vendor list is maintained in the CMI system. Codes for new vendors are assigned by the Fiscal Officer. There is no process for adding new vendors outside of assigning a new code. There is no official process for selecting a vendor, though departments tend to give preference to local businesses when possible.

“Then and Now” certificates are used for purchase orders that are generated after a purchase is made that a requisition was not completed for. “Then and Now” certificates in excess of \$3,000 are approved by Village Council resolution within 30 days.

Village Council authorizes the Village to advertise for bids. The Village must advertise for bids for any project exceeding \$25,000. The Fiscal Officer advertises for bids in the Newcomerstown News and/or the Times Reporter. Bids are submitted from the various bidders to the Village’s contracted engineer, and must supply the engineer with various documents at that time. These documents include an explanation of the materials and work covered by the bid price, descriptions of past contracting experience, non-collusion and property tax affidavit forms, a certified copy of corporate resolution and bid guaranty. The bidder is not asked to certify by signing the bidding form that they are aware of and in compliance with the requirements

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of Ohio Revised Code Section 3517.13 regarding campaign contributions, or that they are not in the Auditor of State findings for recovery database. Once the open bidding period has ended, the bids are opened publicly and minutes are produced of the bid openings. Village Council reviews the bids and awards the contract to the firm they decide has made the best bid as determined by price. Once the contract has been awarded, any bidder who bought a bid book may keep it. The original copy is stored with the contracted engineer.

The City does not have a formal purchasing policy in place. The Revised Code section dealing with purchasing is used as a reference and has been distributed to all departments.

Auditor of State Comments

- Section 5705.41(D) of the Revised Code provides that no expenditures of money shall take place without prior authorization. Requisitions and purchase orders are approved after an invoice has already been received. The requisition and purchase order should be dated, prepared with all the necessary information and approved prior to obligations being incurred. Obligations incurred without prior certification may be certified with a then and now certification.
- Village Council has not passed a resolution setting the amount of blanket purchase orders as required by Section 5705.41(D) of the Ohio Revised Code. Blanket purchase orders used with Village Council having set a limit are not valid because the Village does not have the authority to use blanket purchase orders. Village Council should establish, by resolution, the maximum amount for blanket purchase orders to be issued by the Fiscal Officer.
- The Village does not use the Auditor of State Findings for Recovery Database when adding new vendors. Section 9.24 of the Revised Code prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State if that finding is unresolved.
- Bidders for capital projects are not required to certify that they are aware of and in compliance with Revised Code Section 3517.13 regarding campaign contributions or that they are not in the Auditor of State findings for recovery database. Bidders should be required to certify in some way that they are aware of and in compliance with Revised Code Section 3517.13 regarding campaign contributions and that they are not in the Auditor of State findings for recovery database when the bids are submitted.
- The Fiscal Officer does not verify that new vendors have a W-9 on file. All vendors used by the Village should have a current W-9 on file before a purchase is made. The Village should have all new vendors fill out the IRS Form W-9 with all required information and the Fiscal Officer should approve the vendor before the Village makes purchases.
- The original purchase order is not sent to the vendor. The purchase order should be mailed or faxed to the vendor.
- The Village does not have a formal purchasing policy and purchasing procedures for the Village are not documented. A purchasing policy for the Village should be developed, adopted by ordinance, and distributed to all departments.

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Report on Accounting Methods

Cash Disbursements

Description of an Effective Method for Cash Disbursements

The processing of invoices should ensure that each payment represents goods or services that were properly authorized and received by the Village. The processing should include a comparison of the invoiced items and quantities to the purchase order and billing slips or receiving copy of the purchase order, a comparison of the prices on the invoice to the purchase order, and the signature of the individual who made the comparisons. All invoices should be recomputed ensuring accurate extensions and totals. A voucher should be prepared reflecting the proper payee, invoice amount and account codes, and should include a copy of the purchase order, invoice and receiving report or a signed billing slip. Vouchers should be approved for payment by an appropriate official. A check should be prepared based on the completed voucher, the existence of appropriate vendor information (I.R.S. Form 1099 data), and a properly executed certification by the Fiscal Officer. Checks should be signed by the Fiscal Officer and the Mayor and recorded in the cash journal and appropriation ledger. Vouchers should be filed numerically or by vendor.

Statutory Requirements

State law places the following requirements on the disbursements of funds:

Warrants - Disbursements may only be made by a proper check drawn against an appropriate fund. The check must show upon its face the appropriation from which the disbursement is made and the fund which it is drawn upon.

Restrictions – Monies are drawn from the Village treasury only for appropriations enacted by the Village Council. Disbursements from each fund may be used only for the purposes of such fund and to the extent that cash exists in the fund.

Certification - If no certificate of the Fiscal Officer is furnished as required, upon receipt by the Village Council of a certificate of the Fiscal Officer stating that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances, the Village Council may authorize the drawing of a check in payment of amounts due upon such contract, but such resolution shall be passed within thirty days from the receipt of such certificate; provided that, if the amount involved is less than three thousand dollars, the Fiscal Officer may authorize it to be paid without such affirmation of the Village Council, if such expenditure is otherwise valid.

Administrative Code Requirements

Section 117-2-02(C)(3) of the Ohio Administrative Code states “vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The Village should also attach supporting documentation to the voucher, such as vendor invoices.”

Methods Used by the Village

The cash disbursement process begins with the receipt of goods and services. These goods and services are typically delivered directly to the department that originated the Purchase Order, while invoices typically come straight to the Fiscal Officer. At that time, the department head verifies that the goods have been received and that the accompanying invoice matches the packaging slip. The department head calls the

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Fiscal Officer and verbally confirms that this verification has been successfully completed. The Water and Sewer department is an exception to this, as they receive their own invoices and forward them to the Fiscal Officer indicating the invoice is okay to pay. The verbal verification from the department heads indicates that the invoice is approved for payment. However, if the proper purchasing process was not followed, the Fiscal Officer may have to track down details about an invoice that shows up in the office.

The Fiscal Officer prepares amounts to be paid in the CMI system prior to the bi-weekly Monday Village Council meetings. Preparation includes matching of invoices to their respective purchase orders and opening a batch in the CMI system. Information from the purchase orders and invoices are entered into the batch, and amounts entered are double checked by the Fiscal Officer to make sure they tie to the invoices. The batch is then closed and posted to the system in a check register, but the checks are left unprinted until approval is obtained at the Village Council meeting. At the meeting, Village Council receives a report of bills and invoices that need paid and they approve these items through a motion. The Fiscal Officer then conducts the actual check run bi-weekly on the Tuesdays after meetings. While check runs are being conducted, two members of Village Council are present to sign invoices. Once checks are run, voucher packets are assembled that include a copy of the check, the original purchase order and invoice. These voucher packets are stored in the Fiscal Officer's office chronologically by date and then alphabetically by vendor.

Check stock is pre-printed with the header, check number, routing number and account number. The amount, vendor and invoice number are printed on the check stock when the check run is conducted. The pre-printed check stock is stored in a box by the printer. The door to this area is locked when the Fiscal Officer is not present. The Fiscal Officer's computer is the only one that can print checks, so the Fiscal Officer's login and password are required to print checks. No one has the login credentials other than the Fiscal Officer. The Village has an unwritten policy that all checks require the signatures of both the Mayor and the Fiscal Officer, though the bank only requires one signature, and the Village will use one in situations where the Mayor is not available to sign the checks. All checks are hand signed by required signatories.

Hand-written checks are not used except in rare cases where checks are unable to be printed and a check needs issued immediately.

When a check needs to be voided, first documentation needs to be obtained for why it's being voided. The Fiscal Officer then goes into the system and into the batch where that check was generated. The check itself is then voided in the system followed by the voucher. "Void" is manually written on the check and it is then stapled to the documentation explaining the void. The signature block is not cut out of the check. The packet is retained in the file cabinet in the Fiscal Officer's office.

For any services rendered in excess of \$600 by contractors, the Fiscal Officer prepares Form 1099 for tax purposes.

Auditor of State Comments

- The signature block is not cut out of checks when they are voided. The signature block should be cut out of voided checks before being stored.
- The Fiscal Officer receives only verbal confirmation from department heads that invoices are okay to pay. A policy should be implemented requiring signed documentation from department heads for an invoice to be paid.
- There is no contingency plan in place for when the Fiscal Officer is unable to perform her job duties. A policy should be implemented for how the Village will operate in this situation.

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Report on Accounting Methods

Payroll Processing

Description of an Effective Method of Payroll Processing

The processing of the payroll should ensure that all employees are compensated on a regular basis for work performed and at the rate approved by the appointing authority. All compensation should be recorded in a permanent record reflecting the hourly rate and hours worked or salary, deductions, and the gross and net compensation for the pay period and the year. Standard deductions such as pension, Medicare, and state and federal taxes should also be computed at the applicable rates established by the regulatory agencies. Other deductions permitted by the Village should be authorized by the employee and the authorization should be maintained in a file. Payment of the net compensation should be by a check signed by the appropriate official or by direct deposit to a bank account of the employee. Payment of deductions and the related employer obligations should be made timely and reported in the format prescribed by the regulatory agency. Personnel files should contain relevant employee information and any other information required by state and/or federal laws.

Statutory Requirements

The following State statutes apply:

Section 705.13, Revised Code requires the legislative authority of a municipal corporation to set, by ordinance, the salary of its members so that each shall be paid in equal monthly installments. For each absence from regular meetings of the legislative authority, unless authorized by a two-thirds vote of all members thereof, there shall be deducted a sum equal to 2 percent of such annual salary. Absence for ten successive regular meetings shall operate to vacate the seat of a member, unless such absence is authorized by the legislative authority.

Section 731.13 of the Revised Code requires the legislative authority of a Village to fix the compensation and bonds of all officers, clerks, and employees of the Village except as otherwise provided by law. The legislative authority must, in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. All bonds shall be made with sureties subject to the approval of the Mayor. The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed. This section does not prohibit the payment of any increased costs of continuing to provide the identical benefits provided to an officer at the commencement of his/her term of office.

Methods Used by the Village

Full and part time and seasonal employees are compensated biweekly. There are 44 full-time and part-time employees with the Village, as well as 12 seasonal employees. For hourly and part-time employees, the pay period begins on Sunday and ends on Saturday two weeks later. Pay checks are distributed to employees every other Friday. Elected officials are paid once a month with the second pay of each month. Village Council members are paid monthly with the second pay of each month. All employees are paid in accordance with the Village's pay ordinances. Employees receive an earnings statement with each pay that indicates gross and net pay and withholdings for the pay period.

All salaries are approved by Village Council. Personnel files are kept in the Fiscal Officer's office. The files contain forms for tax information, Ohio Public Employees Retirement System forms, withholding forms, 19 employment eligibility verification forms, certifications received during employment, licenses, disciplinary actions, drug screenings, and insurance forms, and any other information the Village chooses to retain about the employee. The personnel files are stored in a locked file cabinet in the Fiscal Officer's office.

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Report on Accounting Methods

The Village's employees use timesheets to track hours worked. The department head reviews the timesheets and uses them to generate a summary department timecard which is sent to the Fiscal Officer to use for payroll processing. Timecards show the dates and hours worked each day. Employees must fill out a form and get supervisor approval for the use of leave. These leave forms are signed and dated by the supervisor and are sent in with the timecards.

Elected Officials – Village Ordinance 4-99 established the base rate effective schedule of salaries for elected officials and Village Council. Increases in salaries are approved by Village Council in subsequent ordinances. However, a change in pay rate for elected officials does not take effect until the following term.

Overtime and Compensatory Leave – Employees work overtime in all the departments at the discretion of the department head. The overtime rate is time and a half. Overtime is submitted using the regular timesheets. Overtime is then approved bi-weekly by Village Council after the pay has occurred.

Leave – Vacation, personal and sick leave is credited to each employee at the appropriate accrual rates indicated in Village Ordinance. Forms are used to request time off and are signed by the department head. When the Fiscal Officer receives a leave request form with the timecards, the amounts used are entered in the system. The balances are updated as accrued and used in the CMI system.

Payroll Processing – The Fiscal Officer has written procedures for payroll processing, including month-end and quarter-end procedures. Timecards are submitted to the Fiscal Officer's office for processing. The Fiscal Officer first verifies the accuracy of detail on the timecards, then enters the hours worked for each employee in the CMI payroll system. Each employee's pay rate and withholdings are stored in the system, so that when the hours are entered they automatically calculate the gross pay and deductions. Each department is entered as its own batch. Next, Payroll Fund Register, Detail Work Register and Detail Check Register Reports are printed off and the amounts on them are verified by the Fiscal Officer against the timecards and leave forms to ensure accuracy of data entry. The reports are then attached to the time cards which are then signed by a Village Council member. At this time, the bank accounts are accessed electronically by the Fiscal Officer and direct deposits are set up and submitted by noon the day before payday. The appropriate amount of funds is then transferred online by the Fiscal Officer from the general account to the payroll account. Physical checks for employees that do not receive direct deposit are printed and signed by the Mayor and Fiscal Officer, and are placed in envelopes to be sent to each employee's respective department. Once the checks have been printed, a Summary Payroll Check Register is run and printed from the system showing each employee and the check number associated with their pay. The Check Register is stored with the timecards and other payroll reports.

Next, a Tax Withholding Report is run that indicates what online Federal withholding tax payments for the pay period need to be made by the Fiscal Officer. The Fiscal Officer then goes online and makes those payments. Separate reports are run for State and Local withholdings, which are not paid online.

A "zero" balance payroll bank account is maintained with Huntington Bank. Transfers are made from general checking to the payroll account in the proper amount when payroll is processed. No formal payroll account reconciliation is performed.

Payroll, tax, and retirement forms are distributed to each new employee to be completed and returned to the Fiscal Officer's office. The Fiscal Officer enters the employee's demographic and salary information into the computer. The employee record is created and the appropriate retirement system of each new hire that is required to become a member is notified.

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Report on Accounting Methods

Payroll deductions for the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension System (OP&F) are processed through the payroll system. On a monthly basis, a report is run for OPERS and OP&F to determine the employer's share. The employer share is calculated as 14 percent of the gross wages for OPERS and 19.5 percent for OP&F for police. The Fiscal Officer submits system reports and online forms to both OPERS and OP&F. The payments are made by Automated Clearing House transactions.

Retirement - When an employee wishes to retire, he or she typically contacts OPERS or OP&F and informs them of their intent to retire, and the Fiscal Officer is contacted by the appropriate system. Employees generally prepare a letter to their supervisor who then presents it to Village Council, but it is not required. The Village receives various communications from OPERS or OP&F verifying that the employee is retiring under OPERS or OP&F. OPERS or OP&F is sent notification of the employee's last working day and payroll information. Upon retirement, the Fiscal Officer runs reports showing the vacation and sick time balances for the employee and prepares payment to the employee for the amount owed based on Village policy. Employees with ten years of service with the Village are entitled to one-fourth the value of their accrued sick leave, not to exceed 360 hours.

Auditor of State Comments

- There is no segregation of duties as the Fiscal Officer is the only one who processes and verifies payroll and is responsible for making rate adjustments and changes to the employee master file.

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

Debt Administration

Description of an Effective Method of Debt Administration

The issuance of debt is strictly controlled by State statute. An ordinance authorizing the issuance of debt must be passed by Village Council. The statute authorizing the issuance should be identified in the ordinance as well as the purpose of the debt, the maturity, the interest rate, and the source of revenue to be used for repayment. Debt proceeds should be recorded in a separate fund and used only for the purpose specified in the authorizing ordinance. Monies to be used for debt payments may be receipted into a separate fund created specifically for debt retirement. Care should be taken to insure the timely payment of both principal and interest.

Statutory Requirements

General statutory guidelines regarding the issuance of debt are found in Chapters 133 and 5705 of the Revised Code. The statutory requirements vary depending on the nature of the debt being issued.

A municipal corporation shall not incur net indebtedness that exceeds an amount equal to ten and one-half percent of its tax valuation, or incur without a vote of the electors net indebtedness that exceeds an amount equal to five and one-half percent of that tax valuation.

Methods Used by the Village

The Fiscal Officer monitors debt payments using the debt service schedules and invoices for debt payments received by the Village. Debt issuances are authorized by Village Council resolution. The statute authorizing the issuance is identified in the resolution as well as the purpose of the debt, the principal amount, the maturity date or dates, interest rate, and the source of revenue to be used for repayment.

When a department head determines that a project is needed, they take the request to the Finance Committee. If the Committee decides to take on the project and finance it through debt, they take it to Village Council, which considers whether to approve new debt issuances. Debt instruments are signed by the Mayor. The sources for debt payments are property taxes levied and collected and revenue from water and sewer usage. All debt payments are made by check as a part of normal check runs.

The Village’s outstanding governmental long-term obligations are as follows:

<i>Governmental Activities:</i>	Interest Rate	Maturity Date	Original Issue	Balance 12/31/14
OPWC Loan				
State and Goodrich Streets Improvement	0.00 %	January 1, 2020	\$183,391	\$67,243
Canal Street Improvements	0.00	July 1, 2021	124,500	54,469

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

The Village’s outstanding business-type long-term obligations are as follows:

<i>Business-Type Activities:</i>	Interest Rate	Maturity Date	Original Issue	Balance 12/31/14
OPWC Loan				
County Road 15 Pump Station	0.00 %	July 1, 2027	\$45,000	\$29,250
OWDA Loans				
Water Treatment Plant	2.00	January 1, 2022	1,506,553	499,420
Water Treatment Plant Improvements I	2.00	July 1, 2027	1,166,795	655,587
Water Treatment Plant Improvements II	1.00	January 1, 2025	3,066,361	1,609,585
County Road 15 Pump Station	1.00	Not Finalized	1,084,875	561,518

Auditor of State Comments

- None

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

Inventory of Capital Assets

Description of an Effective Inventory of Capital Assets and Supplies

Capital assets of the Village should be adequately safeguarded against loss or theft. An inventory describing each item, cost, serial and/or model number, location, date of purchase should be maintained by the Fiscal Officer. The inventory should be updated periodically for purchases and disposals. Verification of the listed assets should be performed at least annually. The disposal of an asset should be properly authorized and reported to the Fiscal Officer.

Administrative Code Requirements

Section 117-2-02(D)(4)(c) of the Ohio Administrative Code requires that all local public offices should maintain capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location and tag number. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

Methods Used by the Village

Industrial Appraisal Company originally appraised the Village's assets for insurance purposes in 2004. In February of 2015, Industrial Appraisal Company performed a reappraisal of the Village's assets.

Auditor of State Comments

- Although the Village had an appraisal in 2015, it had been a number of years since the previous appraisal had been completed. The Village should develop, approve, and implement a policy to ensure that the asset listing is updated annually. The listing may be updated by Village personnel recording assets added or deleted during the year or by contracting for an outside appraisal.

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

Cash Management and Investing

Description of an Effective Method of Cash Management

Cash received by the Village should be deposited in a central bank account. Monies for all funds should be maintained in the account or temporarily used to purchase investments. Idle cash should be invested in interest bearing accounts, certificates of deposit, STAR Ohio, and/or other investments as authorized by State statute. Investment transactions should be conducted in accordance with the policies adopted by Village Council. Deposits of public monies should be insured and/or collateralized to insure repayment of public monies deposited with a financial institution. Interest allocated should be in accordance with the Ohio Constitution and State statutes.

A reconciliation between the bank and cash journal should be completed for all accounts on a monthly basis. The reconciliation should be completed immediately after the books are closed for the month and upon receipt of the bank statement. Reconciling items should be specifically identified and listed by the Fiscal Officer.

Village Codified Ordinances

Codified Ordinance 135.01 “State Treasury Asset Reserve” authorized the Village to participate in STAR Ohio. Codified Ordinance 135.02 “Investment Policy” approved the “Investment and Depository Policy” (Ordinance 224-1996).

Statutory Requirements

Interim cash should be invested according to Section 135.14 of the Ohio Revised Code. The deposits of public money should be insured and/or collateralized to insure repayment of public monies deposited with a financial institution. Interest allocation should be in accordance with the Ohio Constitution and State statutes. Cash management and investment activities of a Village are additionally governed by Sections 135.01 to 135.22 of the Ohio Revised Code.

Section 135.14(O)(1) of the Revised Code states, “Except as otherwise provided in divisions (O)(2) and (3) of this section, no Director of Finance or governing board shall make an investment or deposit under this section, unless there is on file with the Auditor of State a written investment policy approved by the Treasurer or governing board. The policy shall require that all entities conducting investment business with the Treasurer or governing board shall sign the investment policy of that subdivision.”

Section 135.14(O)(2) of the Revised Code states, “if a written investment policy described in division (O)(1) of this section is not filed on behalf of the subdivision with the Auditor of State, the Treasurer or governing board of that subdivision shall invest the subdivision’s interim moneys only in interim deposits pursuant to division (B)(3) of this section, no load money market mutual funds pursuant to division (B)(5) of this section, or the Ohio subdivision’s fund pursuant to division (B)(6) of this section.”

Section 135.14 (O)(3) of the Revised Code states, “Divisions (O)(1) and (2) of this section do not apply to a Treasurer or governing board of a subdivision whose average annual portfolio of investments held pursuant to this section is one hundred thousand dollars or less, provided that the treasurer or governing board certifies, on a form prescribed by the Auditor of State, that the treasurer or governing board will comply and is in compliance with the provisions of sections 135.01 to 135.21 of the Revised Code.”

Section 135.22 of the Revised Code requires the Fiscal Officer to attend annual training programs of continuing education for treasurers provided by the Treasurer of State. A Fiscal Officer is not subject to this training if the investments are limited as defined by the Revised Code and an exemption form is certified by the Treasurer of State.

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

Section 135.12 of the Revised Code requires that the designation period for depositories be five years.

In addition to the training required by Section 135.22 regarding investing, section 733.81 of the Revised Code requires that the Fiscal Officer complete six hours of initial education programs before commencing, or during the first year of office. In addition, section 733.27 of the Revised Code requires that the Fiscal Officer attend annual training programs of continuing education for village clerks provided by the Auditor of State. This training encompasses a wide variety of topics.

Federal Requirements

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that, in order for a depositor to have a valid claim to assets of a failed financial institution, there must be a security agreement. This agreement must have been:

1. in writing;
2. executed by the financial institution and the depositor making the claim;
3. approved by the board of directors or loan committee of the institution; and
4. an official record of the financial institution continuously from the time of its execution.

Methods Used by the Village

The Village has two checking accounts in Huntington Bank, a general account and a payroll account. The Village's investments include eleven certificates of deposit (CDs) in Commercial and Savings Bank and five CDs in Huntington Bank.

The Village has signed depository agreements for all accounts and investments with Commercial and Savings Bank and with Huntington Bank. The Village's deposits are collateralized by the use of a collateral pool.

Huntington Bank serves as the primary depository where the general account receives wire transfers and deposits of the Village. Checks are written against this account for Village obligations other than payroll. Transfers are made from this account to the payroll account when needed. Any interest earned is allocated between the general, street maintenance, state highway, water, and sewer funds. The general checking account is reconciled by the tenth day of the following month by the Fiscal Officer.

Access to online banking accounts and the ability to transfer funds from one account to another is specifically defined and restricted for certain individuals. The Fiscal Officer utilizes online banking to transfer money from the general account to the payroll account, to make Federal tax withholding and direct deposit payments, and to check for returned deposits. The Water and Sewer Department Office Manager has limited access to online banking, allowing the setup of ACH transactions with new customers.

At the end of each month, the Fiscal Officer ensures that all receipts and expenditures have been entered into the system. This is done by clearing all checks and making sure each one matches the bank statements. A memo expense register as well as a receipt report is run from CMI and both checked against the bank statements as well. A separate worksheet is used to track deposits in transit and outstanding checks, and these amounts are entered onto the reconciliation. Automatic withdrawals for Federal tax withholding payments frequently cause timing issues, with their entry into the system coming sometimes weeks before the amounts are actually taken out of the bank. If there are any difficulties in balancing the reconciliation, the Fiscal Officer uses a separate worksheet to work out the differences.

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

The Fiscal Officer attaches supporting documentation with each bank reconciliation, including the reconciliation spreadsheet and the fund, revenue and expense reports. All reconciliations are filed in the Fiscal Officer's office.

The Village has an investment policy on file with the Clerk of Bureau, however it does not have the current Fiscal Officer's signature. The Village Council has given the Fiscal Officer authority to make investments of available monies from the funds of the Village in securities authorized by State law. The Fiscal Officer has attended training on investing offered by the State Treasurer's Office.

Voided accounts payable and payroll checks have "void" written on them by the Fiscal Officer. The original is filed in the Fiscal Officer's office with the reason for the void and a Voided Voucher Report.

Four departments have petty cash funds. These monies do not appear on the monthly bank reconciliations. Each department head is in charge of handling the petty cash funds and change funds in their department. In order to replenish one of these funds, receipts accompanied by the related purchase order must be turned in to the Fiscal Officer, and she will cut a check. There are no written procedures for petty cash.

Auditor of State Comments

- The investment policy on file with the Auditor of State has not been signed by the current Fiscal Officer. The investment policy should be updated and submitted to the Auditor of State with the current Fiscal Officer's signature.
- The Village does not have written procedures for petty cash and the replenishment of it. The Fiscal Officer is the custodian of all funds. Written procedures should be developed for the petty cash which includes the individual designated as the custodian, and the custodian's duties and responsibilities.
- The Village does not include the amount of petty cash and change funds maintained within Village offices on the monthly reconciliations. The petty cash and change funds should be included on the Village's monthly reconciliation.

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

Financial Reporting

Description of Effective Method of Financial Reporting

At least monthly, the Fiscal Officer should provide Village Council with a report that identifies year to date receipts, disbursements, outstanding encumbrances, and available fund balances for each fund of the Village. In addition, information concerning the estimated and actual receipts, appropriations, and disbursements plus encumbrances should be presented for Village Council's review. On an annual basis the Fiscal Officer should prepare and publish financial statements, a comparison of budget versus actual information, a summary of debt activity for the year, and the outstanding principal balance on all debt obligations.

Statutory Requirements

Section 117.38 of the Revised Code requires that the annual financial report be filed with the Auditor of State within sixty days after the close of the year for reports prepared on the cash basis of accounting. At the time the report is filed, a notice should be published in the local newspaper that the report is completed and available at the office of the Fiscal Officer.

Section 733.45 of the Revised Code states, "The treasurer of a municipal corporation shall settle and account with the legislative authority, quarterly, and at any other time which it by resolution or ordinance requires. At the first regular meeting of such legislative authority in January, each year, the treasurer shall report to it the condition of the finances of the municipal corporation, the amount received, the sources of such receipts, the disbursements made, and on what account during the year preceding. Such account shall exhibit the balance due on each fund which has come into the treasurer's hands during the year."

Administrative Code Requirements

Ohio Administrative Code section 117-02-03(A)(2) requires that local public offices file their annual financial report either in paper form or electronically in a manner and format prescribed by the Auditor of State. Ohio Administrative Code section 117-02-03(D) requires the reports to be filed on the forms provided by the Auditor of State.

Financial Reporting Requirements: On February 2, 2005, the American Institute of Certified Public Accountants (AICPA) issued an interpretation of one of its auditing standards (i.e., AU Section 623 Special Reports) that affects those governments that prepare financial statements using the cash or modified cash basis of accounting. According to the interpretations, the cash basis financial statement presentation must "look like" the basic financial statements from a generally accepted accounting principles (GAAP) presentation (i.e., GASB Statement No. 34, Basic Financial Statements for State and Local Governments, once it became effective); otherwise, the Auditor of State or contracted independent public accounting firm is required to issue an adverse opinion. For entities that are not legally required to prepare their financial statement in accordance with GAAP and elect not to present "look alike" statements, (such entities in Ohio include libraries, townships, villages, and special districts), the Auditor of State will render a second opinion at the same time it issues its adverse opinion. Therefore; local governments receive two opinions as part of their audit report if their financial statements do not look like GAAP statements (i.e., GASB Statement No. 34).

Methods Used by the Village

The Village prepares its annual financial report on a cash basis. The Village filed a copy of its annual financial report with the Office of the Auditor of State for the year ended December 31, 2014 on February 26, 2015. Notices of completion were published in the Newcomerstown News for the 2014 financial report.

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

Monthly reports are printed as soon as each month is closed and consist of the following:

Fund Reports: This report shows beginning balances, receipts, expenses and current encumbrances for the period. The unexpended balance is displayed for each fund as well as the unencumbered balance. A report for the given month is run as well as a year-to-date version.

Revenue Reports: The month-to-date Detail Revenue Report shows batch and transaction dates for all revenue transactions grouped by line item during the month. The year-to-date Summary Revenue Report provides adopted budgeted receipts, month-to-date receipts, year-to-date receipts, the amount of the budget remaining to be received, and the percentage of the budget received for each revenue line item.

Expense Reports: The month-to-date Detail Expense Report shows the batch date, vendor name, check number and amount for all expenditures transactions grouped by line item for the month. The year-to-date Summary Expense Report shows the appropriation amount, month-to-date expenditures, year-to-date expenditures, amount of appropriations that haven't been spent, current encumbrances and unspent appropriations after encumbrances.

The Outstanding Check Report shows check numbers, dates and amounts of checks that are outstanding at month end.

The Monthly Reconciliation shows the ending fund balance for each fund as well as the month-to-date debits and credits. It also shows the month-end bank balances and how that information reconciles with the fund balances.

Copies of the monthly reports are on file in the office of the Fiscal Officer with additional copies available upon request. Council members receive the monthly worksheet which contains the bank to book reconciliation. If additional supporting information is desired they may request it. The Mayor, finance committee and department heads are provided summary revenue and expenditure reports.

Auditor of State Comments

- In accordance with Section 117.38 of the Revised Code, the Village is required to file, within sixty days after the close of the year, an annual financial report. The Village completed and filed the annual report as required; however, the publication was not within the required time frame.

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

Recording Official Proceedings

Description of an Effective Method of Recording Official Proceedings

The Village Council minutes should reflect full and accurate information to permit the public's understanding and appreciation of the rationale supporting Village Council's decisions. An ordinance, resolution, or bylaw should be limited to one subject, which should be clearly expressed in its title. In the adoption or passage of an ordinance, resolution, or bylaw, the yeas and nays should be entered into the minutes and the ordinance, resolution, or bylaw, should be signed by the presiding officer and the Clerk of Council. All Village Council minutes, ordinances, and resolutions should be maintained as a permanent record of the Village.

Statutory Requirements

Section 121.22 of the Revised Code requires the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussion in executive sessions authorized under division (G) or (J) of this section. Further, the Ohio Supreme Court has held that the minutes must be "full and accurate," which means that they must contain sufficient facts and information to permit the public to understand and appreciate the rationale behind the relevant decision. The public not only has a right to know a government body's final decision on a matter, but also the means by which those decisions were reached.

Sections 731.20 through 731.25 of the Revised Code address the passage, style, number of subjects, authentication and recording, and publication requirements of Village Council legislation. In general, no ordinance, resolution or bylaw shall contain more than one subject, which shall be clearly expressed in its title. The copy of the proposed ordinance must be filed with the Clerk of Council and kept open for public inspection for ten days. Each ordinance, resolution or bylaw is required to be adopted or passed by separate vote of Village Council and the yeas and nays shall be entered in the minutes. Ordinances, resolutions and bylaws shall be authenticated by the signature of the presiding officer and clerk. Ordinances and resolutions must be published in an English-speaking newspaper once a week for two consecutive weeks. If no newspaper is published within the Village, copies of the ordinances and resolutions must be posted in no less than the five most public places in the Village for not less than fifteen days prior to the effective date of the ordinances or resolutions or by publication in any newspaper printed in the State and of general circulation in the Village.

Section 149.39 of the Revised Code creates in each municipal corporation, a records commission composed of the chief executive or his appointed representative as chairman, the chief fiscal officer, the chief legal officer, and a citizen appointed by the chief executive. The commission shall appoint a secretary, who may or may not be a member of the commission, and who shall serve at the pleasure of the commission. The commission may employ an archivist to serve under its direction. The commission shall meet at least once every six months and upon call of the chairman. The functions of the commission shall be to provide rules for retention and disposal of records of the municipal corporation, to review applications for one-time records disposal and schedules of records retention and disposition submitted by municipal offices.

Methods Used by the Village

The Village Council holds their regular meetings on the first and third Monday of each month. The Fiscal Officer takes notes during the Village Council meetings and records them with an audiotape. From those notes and audiotape recording, the Fiscal Officer prepares the minutes of the meeting. The minutes include who is in attendance, reports that are presented by various departments and officials, the detail of topics discussed, resolutions and ordinances by number and description and the votes thereon, any disagreements

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

between Village Council members, and other upcoming events. The minutes are approved and signed and dated by the Mayor, Fiscal Officer, and Solicitor at the next Village Council meeting. The typed minutes, resolutions and ordinances are kept in files in the Fiscal Officer's office. Village Council holds special meetings as needed, usually to address hiring and other personnel matters. These meetings occur about four times a year on average. The Fiscal Officer takes notes and produces minutes for these meetings in the same way as regular Village Council meetings, and minutes for the special meetings are also approved in the same way.

A records commission has been established by the Village. Notices are displayed throughout the Village departments that the procedures for retention and disposal of records are available from the Fiscal Officer.

Auditor of State Comments

- Section 149.43(E)(1) of the Revised Code requires that all employees of public offices are appropriately educated about a public office's obligations under division (B) of this section, all elected officials or their appropriate designees shall attend training approved by the Attorney General as provided in section 149.43 of the Revised Code. Village Council members or their designees should obtain public records training for each term of office. If a designee is appointed, evidence of the designation should be formally documented.

Village of Newcomerstown – Tuscarawas County

Report on Accounting Methods

Conclusion

The methods as described by the Village and included in this report are based on our inquiries and discussions with Village personnel and the related procedures documented from the Village's ordinances, administrative rules and the Revised Code. These methods, in some cases, vary from the actual methods used in performing the daily activities.

It is our opinion that the current methods of accounting and financial reporting of the Village of Newcomerstown are not completely in compliance with Chapter 117 of the Revised Code and the requirements of the Auditor of State as disclosed throughout this report.



Dave Yost • Auditor of State

VILLAGE OF NEWCOMERSTOWN

TUSCARAWAS 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
SEPTEMBER 22, 2015**