



Dave Yost • Auditor of State



VILLAGE OF MARSHALLVILLE  
WAYNE COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

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

Village of Marshallville  
Wayne County  
7 North Main Street  
Marshallville, Ohio 44645

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Marshallville (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013, including mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Cash Balance Report to the December 31, 2012 balances in the prior year audited statements. We noted the balances did not agree for the General Fund, Special Revenue Funds and Enterprise Funds as noted below:

Fund Type	1/1/13 Fund Ledger Report	12/31/12 Audited Financial Statements	Variance
General	\$3,105	(\$3,970)	(\$7,075)
Special Revenue	310,050	316,825	6,775
Enterprise	364,718	365,018	300

**Cash (Continued)**

We noted adjustments totaling \$3,997 from the General Fund to the Special Revenue Fund identified in the 2012-2011 audit that was posted to the financial statements, but never posted to the Village's accounting system. Also noted during the 2012-2011 audit was an adjustment to increase the Ambulance Special Revenue Fund and decrease the Fire Equipment Special Revenue Fund, which was not posted to the Village's accounting system. In addition, adjustments were noted in the 2012-2011 audit that indicated previous year's audit adjustments were never posted, and therefore, the financial statements included those adjustments of a decrease of \$3,078 to the General Fund, an increase of \$2,778 to the Special Revenue Funds, and a \$300 increase to the Enterprise Funds, but the amounts were never posted to the Village's accounting system. The amounts were adjusted to the Village's accounting system on August 26, 2015.

We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Cash Balance Report to the December 31, 2013 balances in the Fund Cash Balance Report. We found no exceptions.

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Cash Balance Report. The amounts agreed.
4. We observed the year-end bank balance(s) on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We selected all reconciling credits (such as deposits in transit) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We noted two deposits in transit totaling \$9,244 that did not clear the bank in 2015. The amounts were posted in error, and by April 2015 the errors appear to have corrected themselves and no deposits in transit remained on the bank reconciliation. The Village made an adjustment to their system on August 26, 2015 to remove this amount. The Village should ensure only actual deposits in transit are recorded in the receipts register and bank reconciliation.
  - b. We agreed the credit amounts to the Pay-In Register Detail Report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2014 and 2013 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

### Property Taxes and Intergovernmental

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2014 and one from 2013:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Pay-In Register Detail Report. We noted the amounts were posted net of fees rather than gross. We recommend taxes be posted at gross, and then record the fees as a disbursement.
  - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Pay-In Register Detail Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Pay-In Register Detail Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's DTLs from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Pay-In Register Detail Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We noted homestead and rollback receipts were posted entirely to the General Fund for both years, rather than being allocated to the General and Fire Levy Fund. As a result, for 2014 and 2013, the General Fund is overstated and the Fire Levy Fund is understated \$2,221 and \$2,179, respectively. These amounts were posted to the Village's accounting system on August 28, 2015.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### Income Tax Receipts

1. We compared the allocation of income tax receipts for the years ended December 31, 2014 and 2013 to the Village's funds according to the allocation requirements of the Income Tax Ordinance No. 181. The allocation agreed with the percentages the Ordinance requires.
2. We selected five income tax returns filed during 2014 and five from 2013.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the Deposit Listing Summary Report. The amounts agreed.
  - b. We compared the Deposit Listing Summary Report total from step a. to the amount recorded as income tax receipts in the Pay-In Receipt Detail Report for that date. The amounts agreed.
3. We determined whether the receipts were recorded in the year received. We found no exceptions.
4. We selected five income tax refunds from 2014 and all from 2013.
  - a. We compared the refund paid from the Check Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We noted each of the refunds was approved by Income Tax Administrator.
  - c. We noted the refunds were paid from the Income Tax Fund as required.

**Water and Sewer Funds**

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2014 and 10 Water and Sewer Fund collection cash receipts from the year ended 2013 recorded in the Pay-in Register Detail Report and determined whether the:
  - a. Receipt amount per the Pay-In Register Detail Report agreed to the amount recorded to the credit of the customer's account in the Transactions Listing Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Transactions Listing Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
  
2. We noted the Village did not maintain an Accounts Receivable Report which documents delinquent accounts and the number of days past due. Furthermore, due to limitations of the utility system, the Village was unable to reproduce the delinquent report. The Village should run the report at both month-end and year-end and maintain this report. Furthermore, this report should be provided to the Board of Public Affairs for their review and approval.
  
3. We read the Non-Cash Adjustments Report.
  - a. We noted this report listed a total of \$1,026 and \$108,491 in non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
  - b. We selected five non-cash adjustments from 2014 and five non-cash adjustments from 2013, and noted that the Utility Clerk approves the adjustment. The Village should update the Utility Procedures to require approval of all non-cash adjustments by the President of the Board of Public Affairs.

**Debt**

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2012. These amounts agreed to the Villages January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
OWDA - 3225 Waterline Replacement	\$37,926
OWDA - 3405 Phase 2 Waterline Replacement	43,824
OWDA - 5249 WWTP Improvements	558,763
Farmers State Bank Electric Dist. Note	220,000
OPWC - CP17C Waterline Replacement Phase 1	41,334
OPWC - CP20D Waterline Replacement Project Phase 2	65,485
OPWC-CP002 Sanitary Sewer Separation Project	49,879
Capmark Mortgage Revenue - #01-049500-1	215,000
Capmark Mortgage Revenue - #01-049500-3	18,000
Capmark Mortgage Revenue - #01-049500-5	39,300

**Debt (Continued)**

2. We inquired of management, and scanned the Pay-In Register Detail Report and Check Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of loan debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules to the enterprise funds payments reported in the Check Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel file. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2014. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 15, 2015	January 15, 2015	\$2,391	\$2,391
State income taxes	February 2, 2015	January 20, 2015	380	380
Village of Marshallville income taxes	January 30, 2015	January 15, 2015	515	515
Village of Doylestown	January 30, 2015	January 20, 2015	14	14
Triway Local School District Income Tax	January 30, 2015	January 20, 2015	14	14
OPERS retirement	January 30, 2015	January 30, 2015	3,863	3,863

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

1. We haphazardly selected ten disbursements from the Check Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Check Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### **Mayors Court Transactions**

1. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
  - a. Duplicate receipt book.
  - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
  - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.

2. From the cash book, we haphazardly selected one month from the year ended December 31, 2014 and one month from the year ended 2013 and determined whether:
  - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
  - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

### **Compliance – Budgetary**

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Statement Report for the General, Street Maintenance and Repair, and Water funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Street Maintenance and Repair Funds in 2014 and the Street Maintenance and Repair Fund and Water Fund in 2013. For 2014, the Revenue Statement Report recorded budgeted (i.e. certified) resources for the General and Street Maintenance and Repair funds of \$154,900 and \$39,000, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$158,900 and \$37,000, respectively. For 2013, the Revenue Statement Report recorded budgeted (i.e. certified) resources for the Street Maintenance and Repair and Water funds of \$40,000 and \$208,250, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$23,000 and \$186,000, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Statement Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

### Compliance – Budgetary (Continued)

2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Street Maintenance and Repair and Water funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Expenditure Statement Report for 2014 and 2013 for the following funds: General, Street Maintenance and Repair and Water funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expenditure Statement Report, except for the General and Street Maintenance and Repair funds in 2014, and the General, Street Maintenance and Repair and Water funds for 2013. For 2014, the Expenditure Statement Report recorded appropriations for the General and Street Maintenance and Repair funds of \$137,623 and \$13,800, respectively. However, the appropriations approved by the Village Council were \$136,723 and \$14,800, respectively. For 2013, the Expenditure Statement Report recorded appropriations for the General, Street Maintenance and Repair, and Water funds of \$145,353, \$16,800 and \$219,200, respectively. However, the appropriations approved by the Village Council were \$149,053, \$23,000 and \$220,000, respectively. The Fiscal Officer should periodically compare amounts recorded in the Expenditure Statement Report to amounts recorded on the appropriations to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Maintenance and Repair and Water funds for the years ended December 31, 2014 and 2013. We noted that General Fund appropriations for 2013 exceeded certified resources by \$956, contrary to Ohio Rev. Code Section 5705.39. The Council should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Village to incur fund balance deficits.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Street Maintenance and Repair and Water funds, as recorded in the Expenditure Statement Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Statement Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2014 and 2013 Revenue Statement Reports and Expenditure Statement Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We noted the Village posted amounts as transfers out in the Fire, Fire Equipment, Capital Outlay, and Klusch funds in 2014 in the amounts of \$5,476, \$5,569, \$300,623, and \$18,783, respectively, and in the Fire Equipment fund in 2013 in the amount of \$25,991. However, it was determined these expenses were misposted as transfers out, as there was no transfer in. The Village should review payment procedures to ensure payments are properly posted within the accounting system.

**Compliance – Budgetary (Continued)**

8. We inquired of management and scanned the Expenditure Statement Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Fund Cash Balance Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted that after posting all of the prior year adjustments noted in Cash step 2 to the Village's accounting system, and posting the current year adjustments noted in the Property Taxes and Intergovernmental step 3 and Cash step 6 to the Village's accounting system, the General Fund has a negative balance of \$18,369 in 2014 and \$9,162 in 2013.

**Compliance – Contracts & Expenditures**

We inquired of management and scanned the Expenditure Statement Report for the years ended December 31, 2014 and 2013 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

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

This report is intended solely for the information and use of management, Village Council, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 27, 2015



# Dave Yost • Auditor of State

VILLAGE OF MARSHALLVILLE

WAYNE 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  
OCTOBER 6, 2015