

VILLAGE OF NEW RICHMOND

CLERMONT COUNTY

**JANUARY 1, 2013 TO DECEMBER 31, 2014
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Village Council
Village of New Richmond
102 Willow Street
New Richmond, OH 45157

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of New Richmond, Clermont County, prepared by Hurst, Kelly & Company LLC, for the period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Richmond is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 14, 2015

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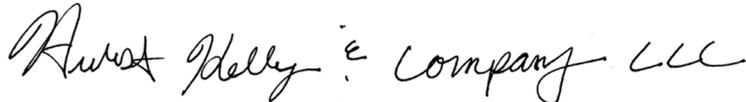
Independent Accountants' Report on Applying Agreed-Upon Procedures

Village of New Richmond
Clermont County
New Richmond, Ohio

We have performed the procedures enumerated in Attachment A, Schedule of Agreed-Upon Procedures, with which the Village Council and Mayor, and the management of the Village of New Richmond (the Village) and the Auditor of State 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 in Attachment A, Schedule of Agreed-Upon Procedures, either for the purpose for which this report has been requested or for any other purpose.

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

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



October 9, 2015

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES

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 Cash Summary by Fund Report to the December 31, 2012 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2013 balances in the Cash Summary by Fund 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 Cash Summary by Fund Reports. The amounts were not in agreement by the amount of the reconciled balances of the Mayor's Court Agency Fund at December 31, 2013 and 2014 of \$100, which was not recorded in the UAN ledger, but was tracked separately by the Village using a "Mayor's Court-type" software program.
4. We confirmed the December 31, 2014 bank account balances with the Village's financial institutions. We found no exceptions. 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 (outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statements. 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 the two reconciling credits (deposits in transit) from the December 31, 2014 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Receipt Register. 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 or reconciliation. We found no exceptions.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Property Taxes and Intergovernmental Cash Receipts

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 receipt from the Statement to the amounts recorded in the Receipt Register Report. The gross receipt selected for 2014 (second half of 2014) was not in agreement with the Receipt Register Report as the receipt was recorded net of various county-levied fees.
 - b. We determined whether the receipt was allocated to the proper funds 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 Receipt Register Report to determine whether it included two final real estate tax receipts for both 2014 and 2013. We noted the Receipt Register 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 a listing of all cash disbursements made to the Village from Clermont County, provided to us directly by the Clermont County Auditor's Office, from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2014 and 2013 Total Monthly Distribution Summary reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Receipt Register Reports. The amounts agreed, however, we did note that one RITA receipt from 2014 in the amount of \$10,477.81 was posted to *General Property Tax – Real Estate* when it should have been posted to *Municipal Income Tax* in the UAN Ledger.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Charges for Services – Water, Sewer and Waste Funds

The Village provides water, sewer and waste utilities to its customers. The Village does not have an adequately-functioning accounts receivable system that is routinely maintained and monitored. Without accurate and reliable accounts receivable information, the Village lacks information on overdue amounts, systems-derived documentation on noncash adjustments and approval of noncash adjustments, and information upon which to judge whether the Village should write off or follow up on uncollectible amounts. We recommend the Village maintain an adequately-functioning accounts receivable and billing system.

1. We haphazardly selected 10 utility (Water, Sewer and Waste Funds) cash receipts from the year ended December 31, 2014 and 10 utility (Water, Sewer and Waste Funds) cash receipts from the year ended 2013 recorded in the U/B Cycle Receipts Journal and determined whether the:
 - a. Receipt amount per the U/B Cycle Receipts Journal agreed to the amount recorded to the credit of the customer's account in the History Transaction Report. The amounts agreed.
 - b. Amount charged for the related billing period complied with rates in force during the billing 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 read the final U/B Billing Journal for 2013 and 2014.
 - a. We noted this report listed \$12,578 and \$15,278 of accounts receivable as of December 31, 2014 and 2013, respectively.
 - b. We noted that the U/B Billing Journal did not age the balance of accounts receivable at year-end.
3. We read the Non-Cash A/R Adjustments Report.
 - a. We noted this report listed a total of \$118,946 and \$30,049 of 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 to determine whether each adjustment contained a supervisory approval. We found that the Village did not have a formal process in place to approve and document non-cash adjustments until mid-2014. We further found that the Village did not have supervisory approval for the five non-cash adjustments selected in 2013 nor was there supervisory approval for four of the five non-cash adjustments selected in 2014.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Debt

- From the prior agreed-upon procedures documentation, we noted the following notes and loans outstanding as of December 31, 2012. These amounts agreed to the Village's January 1, 2013 balances on the summary we used in step 3.

<u>Issue</u>	<u>Principal Outstanding as of December 31, 2012</u>
OWDA Loan - 1994	\$ 656,651
OWDA Loan - Water System Plant Expansion	370,847
Bank Note - Fire Truck	215,846
OPWC Loan - 2006 Walnut Street	166,846
OWDA Loan - Bethel/New Richmond Road Sewer Extension	159,074
OPWC Loan - 2001 Old US 52	121,285
OPWC Loan - 2002 Bethel New Richmond Sewer II	82,371
OWDA Loan - Consolidation Loan	82,347
Bank Note - Backhoe	41,298
Bank Note - Police Cruiser	25,616
OWDA Loan - Sewer Design	23,451
OPWC Loan - 2000 Sycamore Street	20,130
Total	<u>\$ 1,965,762</u>

- We inquired of management, and scanned the Receipt Register Reports and Payment Register Reports 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.
- We obtained a summary of note and loan activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules to debt payments reported in the Payment Register Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
- We agreed the amount of debt proceeds (debt proceeds in 2014 and 2013 consisted of additional draws on the *OWDA Loan – Sewer Design*) from the debt documents to amounts recorded in the Waste Water Collection System Fund per the Receipt Register Reports. The amounts did not agree by the amount of capitalized interest imposed by OWDA which was \$5,614 and \$4,391 for 2014 and 2013, respectively.
- For new debt issued during 2014 and 2013, we inspected the debt legislation, noting the Village must use the proceeds to engineer and improve the sewer system. We scanned the Payment Register Report and noted the Village purchased services related to sewer system engineering and improvements.

**VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)**

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 Payroll Register Reports and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Reports to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the funds and account codes to which the payroll disbursement were posted were reasonable based on the employees' duties. 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:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2015	December 17, 2014	4,935.73	4,935.73
State income taxes	January 15, 2015	December 17, 2014	837.01	837.01
Local income taxes	January 31, 2015	December 17, 2014	393.41	393.41
OPERS retirement	January 30, 2015	January 26, 2015	8,984.86	8,984.86
OP&F retirement	January 31, 2015	January 28, 2015	7,606.02	7,606.02

3. We haphazardly selected and recomputed one termination payment (unused vacation) using the following information, and agreed the computation to the amount paid as recorded in the Payroll Register Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register 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 payment number, date, payee name and amount recorded on the returned, canceled check image (where applicable) agreed to the payment number, date, payee name and amount recorded in the Payment Register 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.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Mayor's Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2014 and December 31, 2013 to the Mayor's Court Agency Fund balance reported in the Cash Summary by Fund Report. The amounts did not agree as the reconciled balance of the Mayor's Court Agency Fund at December 31, 2014 and 2013 (\$100.00) was not recorded in the UAN ledger, but was tracked separately by the Village using a "Mayor's Court-type" software program.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2014 and 2013 listing of unpaid distributions plus bonds held as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.
5. We selected the one deposit in transit on the December 31, 2014 bank reconciliation:
 - a. We traced the deposit to the credit appearing in the subsequent January bank statement. We found no exceptions.
 - b. We agreed the deposit amount to the court's cash book. The deposit in transit was recorded as a December receipt for the same amount recorded in the reconciliation.
6. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - b. Case file.

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

7. 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. We found no exceptions.

**VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)**

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the following funds for the years ended December 31, 2014 and 2013.

2014			
Fund	Estimated Receipts per Final Amended Certificate	Estimated Receipts per Revenue Status Report	Difference
General Fund	\$ 835,953	\$ 715,157	\$ 120,796
Street Construction and Maintenance Fund	153,468	184,000	(30,532)
Police Levy Fund	499,453	519,110	(19,657)
Fire Levy Fund	122,427	126,997	(4,570)
EMS Levy Fund	459,818	480,495	(20,677)

2013			
Fund	Estimated Receipts per Final Amended Certificate	Estimated Receipts per Revenue Status Report	Difference
General Fund	\$ 815,150	\$ 815,150	-
Street Construction and Maintenance Fund	229,454	229,454	-
Police Levy Fund	467,966	491,826	(23,860)
Fire Levy Fund	128,875	128,875	-
EMS Levy Fund	489,077	489,077	-

Per the information scheduled above, for certain funds in 2014 and 2013 (bolded in the above tables), the amounts did not agree by the amount reported in the *Difference* column of the above tables.

The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and to monitor spending.

2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General Fund, Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund, Village 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 that for 2013 Council was not appropriating 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). Contrary to Ohio Rev. Code Section 5705.38(C), in 2013 the Village was not appropriating separately for personal services in the General Fund and was not appropriating separately for departments/divisions in the Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2014 and 2013 for the following funds: General Fund, Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the years ended December 31, 2014 and 2013 for the following funds: General Fund, Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund. We noted that Police Levy Fund appropriations for 2014 and 2013 exceeded certified resources by \$10,335 and \$23,860, respectively, which is contrary to Ohio Rev. Code Section 5705.39.

Village 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 Fund, Street Construction and Maintenance Fund, Police Levy Fund, Fire Levy Fund and EMS Levy Fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during 2014 and 2013. We also inquired of management regarding whether the Village received new restricted receipts. The Village established various funds during 2013 and 2014 to properly segregate grant receipts and disbursements which is in compliance with Section 5705.09.
7. We scanned the 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of inter-fund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balances. 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 no funds having a negative cash fund balance.

VILLAGE OF NEW RICHMOND, CLERMONT COUNTY
ATTACHEMENT A
SCHEDULE OF AGREED-UPON PROCEDURES (CONTINUED)

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register 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.



Dave Yost • Auditor of State

VILLAGE OF NEW RICHMOND

CLERMONT 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
DECEMBER 24, 2015