



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Lewisburg
Preble County
Lewisburg, Ohio

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Lewisburg (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, 2015 and 2014, certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2014 balances in the Fund Cash Balance Statement. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Fund Cash Balance Statements. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Village's financial institutions or observed the year-end bank balance on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
 - a. We traced each debit to the subsequent January and February 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 tested interbank account transfers occurring in December of 2015 and 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2015 and December 31, 2014 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - 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 Cash Receipt Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Cash Receipt Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the County Auditor's DTLs from 2015 and five from 2014.
 - 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 that the fees for one state receipt in 2015 [\$68.75] were not allocated properly.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) during 2014 and 2015 with OPWC. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2015 and five from 2014.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Deposit Listing – Detail Report. The amounts agreed.
 - b. We compared the Deposit Listing total from step a. to the amount recorded as income tax receipts in the Cash Receipt Journal for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.

3. We selected five income tax refunds from 2015 and five from 2014.
 - a. We compared the refund paid from the Refund List to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds were approved by the Income Tax/ Utility Clerk.
 - c. We noted the refunds were paid from the Income Tax Fund.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2015 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Cash Receipt Report. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Water, Sewer, and Trash Fund

1. We haphazardly selected 10 Water, Sewer, and Trash Fund collection cash receipts from the year ended December 31, 2015 and 10 Water, Sewer, and Trash Fund collection cash receipts from the year ended 2014 recorded in the Utility Receipts Posting Journal and determined whether the:
 - a. Receipt amount per the agreed to the amount recorded to the credit of the customer's account in the Daily Cash Register Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Journal for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period. 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 Aged Customer Delinquent Report
 - a. We noted this report listed \$1,693.51 and \$2,314.76 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. Of the total receivables reported in the preceding step, \$114.18 and \$64.00 were recorded as more than 90 days delinquent.
3. We read the Daily Cash Register
 - a. We noted this report listed a total of (\$5,507.17) and (\$323,203.34) non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
 - b. We selected five non-cash adjustments from 2015 and five non-cash adjustments from 2014, and noted that the Village Manager approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2013. These amounts agreed to the Villages January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
OPWC Loan (Main St.) – CK02C	\$56,250
OPWC Loan (Water Tower) – CK23A	180,147
OPWC Loan (Sludge) – CK20D	248,984
Police Administration Building Loan	137,983
OWDA Water Treatment Plant Loan - 4717	1,057,310
OPWC Loan (Wastewater Plant)	189,080

2. We inquired of management, and scanned the Receipt Report and Payment Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded and note debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to the General, Capital Improvement, Water, Sewer, Fire/Ambulance and New Ambulance Reserve Trust funds payments reported in the Expenditure Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Capital Improvement Projects and Sewer Projects fund per the Revenue Report. The amounts agreed. The Village properly recorded the proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code Section 5705.09(E).
5. For new debt issued during 2015 and 2014, we inspected the debt legislation, noting the Village must use the proceeds to purchase an ambulance and for street and village park improvement projects. We scanned the Expenditure Report and noted the Village purchased an ambulance in March of 2014 and had street and park improvements throughout the audit period.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Payroll Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Check Register Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. 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 minute record. 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, 2015 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 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2016	December 31, 2015	\$3,354.66	\$3,354.66
State income taxes	January 15, 2016	January 5, 2016	\$2,621.68	\$2,621.68
Village of Lewisburg income tax	January 30, 2016	December 31, 2015	\$1,600.16	\$1,600.16
OPERS retirement	January 30, 2016	December 31, 2015	\$1,546.83	\$1,546.83
OP&FPF retirement	January 30, 2016	December 31, 2015	\$725.29	\$725.29
SDIT	January 15, 2016	January 5, 2016	\$998.43	\$998.43

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Payroll 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 Cash Register for the year ended December 31, 2015 and ten from the year ended 2014 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 Cash Register 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.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, if there was an amendment, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Statement for the General, Street and Capital Improvement funds for the years ended December 31, 2015 and 2014. The amounts agreed.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Street and Capital Improvement 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 Expense Statement for 2015 and 2014 for the following funds:

General, Street, and Capital Improvement. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Statement.

4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Fire/Ambulance and Sewer funds for the years ended December 31, 2015 and 2014. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2015 and 2014 for the General, Fire/Ambulance and Sewer fund, as recorded in the Expense Statement. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. 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 2015 and 2014 Annual Financial Reports for evidence of interfund transfers exceeding \$50,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Expense Statement to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village has established the following reserves: Fire Truck Reserve and New Ambulance Reserve. The revenues and expenditures for these reserves during 2014 and 2015 complied with the Village ordinance establishing the reserves and ORC 5705.13.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 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 no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 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.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial

information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

2. We inquired of the fiscal officer and/or scanned the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer obtained the required training.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

October 12, 2016

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VILLAGE OF LEWISBURG

PREBLE 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
NOVEMBER 10, 2016**