



Dave Yost • Auditor of State





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

Village of New Paris  
Preble County  
301 W. Cherry Street  
New Paris, Ohio 45347

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of New Paris (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, 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, 2015 and December 31, 2014 bank reconciliations. We found that the Village did not include an HRA account to the 2014 (\$8,846.34) and 2015 (\$8,496.39) reconciliations. We also found that the Village recalculated bank balance exceeded the book balance by \$208.69 in 2014.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report 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 Ledger Report to the December 31, 2014 balances in the Fund Ledger Report. 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 Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 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, 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, February, and March 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 reconciling credit (such as deposits in transit) from the December 31, 2015 bank reconciliation:
  - a. We traced the credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Receipts Register. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.

### **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. We noted the property tax receipt for 2014 was posted at the net amount rather than the gross amount. For the property tax settlement received in 2014 receipts and County auditor fees in the amount of \$4,081.69 were not posted to the accounting system.
  - 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 real estate tax receipts for 2015 and 2014. We noted the Receipts 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 2015 and five from 2014. We also selected five receipts from the County Auditor's Monthly Distribution Sheets 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 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 March and November 2015 and February and June 2014 Total Distributions reports submitted By the City of Hamilton, the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes for the months selected to the Village's Receipt Register Report. The amounts agreed.

### **Water and Sewer Fund**

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2015 and 10 Water and Sewer Fund collection cash receipts from the year ended 2014 recorded in the Utility Billings Journal and determined whether the:
  - a. Receipt amount per the Utility Billings Journal agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.

- b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer History 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 except for receipt #211-2015. Batch #1552 included in this receipt did not agree to the amount posted. \$2,390.27 was posted to UAN; however, the batch total was \$2,479.43. This resulted in an \$89.16 variance.
2. We read the Aged Customer Balance Report dated 1/4/16:
    - a. We noted this report listed \$15,998.18 and \$8,143.69 of accounts receivable as of December 31, 2015 and 2014, respectively.
    - b. Of the total receivables reported in the preceding step, \$6,782.94 and \$3,720.44 were recorded as more than 90 days delinquent.
  3. We read the Daily Cash Receipts Journal (included only adjustments)
    - a. We noted this report listed a total of negative \$1,531.05 and negative \$7,807.72 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 President of the Board of Public Affairs reviewed and signed off on the adjustments from scanning of the Daily Cash Receipts Journal (included all transactions).

**Debt**

1. From the prior audit documentation, we noted the following bonds and 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:
USDA Bond Issuance	\$1,840,000
OPWC Loan-CT31C	\$170,032.48
OPWC Loan-CK12J	\$225,000
ENB Loan-Building Renovation	\$61,590.30
ENB Loan-Cruiser	\$11,368.66
ENB Loan – Dump Truck	\$52,523
ENB Loan- Gator	\$15,106.97

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail 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 debt service fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Police fund per the Receipt Register Report. The amounts agreed. We noted the Village did not

record the debt proceeds in the proper line item. The Village recorded proceeds in Miscellaneous Receipts. The proceeds should be recorded in Other Debt Proceeds.

5. For new debt issued during 2015, we inspected the debt legislation, noting the Village must use the proceeds to purchase a police cruiser. We scanned the Payment Register Detail Report and noted the Village purchased a police cruiser in December of 2015.

**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 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 one instance where there was no approval documentation supporting the pay rate of an employee. We found one instance where the employee was paid for seven less hours than the hours recorded on his timecard.
  - b. We determined whether the fund and account code 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. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department(s) and fund(s) to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – e. above.

3. 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:

<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 31, 2016	January 14, 2016	\$2,656.15	\$2,656.15
State income taxes	January 15, 2016	January 11, 2016	\$513.50	\$513.50
Village of New Paris income tax	January 31, 2016	January 12, 2016	\$673.83	\$673.83
City of Hamilton income tax	January 31, 2016	January 12, 2016	\$97.80	\$97.80
OPERS retirement	February 1, 2016	February 1, 2016	\$4,088.06	\$4,088.06
OP&F retirement	January 31, 2016	January 12, 2016	\$958.59	\$958.59

SDIT	January 15, 2016	January 11, 2016	\$310.00	\$310.00
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4. 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 Employee Detail Adjustment 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 Detail Report 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 Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. We found no instance where disbursements requiring certification were not certified. We found eight instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### Compliance – Budgetary

1. We compared the total estimated receipts from the with *Amended Official Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street and Police Levy funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amount recorded in the accounting system.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Street and Police Levy funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2015 and 2014 for the following funds: *General, Street, and Police Levy*. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report for the General, Street and Police Levy funds in 2014. The Appropriation Status Report reflected \$402,950, \$153,247, and \$181,394 for the General, Street and Police Levy funds respectively in 2014. The Appropriation resolution reflected \$310,661, \$139,466, and \$163,990 in 2014. The amounts on the appropriation resolution did not agree to the amounts record in the Appropriation Status Report for the Police Levy Fund in 2015. The Appropriation Status Report reflected \$325,100 in 2015 and the Appropriations reflected \$242,590 in 2015.

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 and Police Levy 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, Street and Police Levy funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 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 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5000 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, 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 negative cash fund balances.

#### **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
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. 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 3, 2016

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# Dave Yost • Auditor of State

VILLAGE OF NEW PARIS

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  
OCTOBER 18, 2016