

VILLAGE OF APPLE CREEK

WAYNE COUNTY, OHIO

AGREED UPON PROCEDURES

For the Years Ended December 31, 2015 & 2014





Dave Yost • Auditor of State

Village Council
Village of Apple Creek
P.O. Box 208
Apple Creek, Ohio 44606

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Apple Creek, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2014 through December 31, 2015. 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 Apple Creek is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

May 25, 2016

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VILLAGE OF APPLE CREEK
WAYNE COUNTY
Audit Report
For the Years Ended December 31, 2015 and 2014

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Apple Creek
Wayne County
P.O. Box 208
Apple Creek, Ohio 44606

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Apple Creek (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 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 documented in the prior year Agreed-Upon Procedures working papers. 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 Statement. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount 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 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.

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 Revenue Statement. 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 Revenue Statement to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Revenue Statement 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 Payment by Vendor Report from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Statement. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found two exceptions. In 2015, a Law Enforcement Trust amount on the State DTL was recorded as Gasoline Tax and was allocated between Street Construction, Maintenance and Repair Fund and State Highway Fund. The Village corrected this exception by moving \$666 from Street Construction, Maintenance and Repair Fund, and \$54 from the State Highway Fund to the General Fund. In 2014, a Rollback on the State DTL was recorded as Gasoline Tax and was allocated between Street Construction, Maintenance and Repair Fund and State Highway Fund. The Village corrected this exception by moving \$2,762 from Street Construction, Maintenance and Repair Fund, and \$224 from the State Highway Fund to the General Fund.
 - 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 to the Village during 2015 via the OPWC web-site. We found one exception. The Village recorded an OPWC disbursement made to directly to a vendor twice, thus overstating receipts and disbursements by \$28,654.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.
5. We confirmed the amounts paid from the Killbuck Title Agency, Inc. to the Village during 2015 with the Killbuck Title Agency, Inc. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. 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 bank deposit slip. The amounts agreed.
 - b. We compared the bank deposit slip total from step a. to the amount recorded as income tax receipts in the Revenue Statement for that date. The amounts agreed.
4. We determined whether the receipts were recorded in the year received. We found no exceptions.
5. We selected five income tax refunds from 2015 and all from 2014.
 - a. We compared the refund paid from the Expense Statement to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds were approved by the Fiscal Officer/Village Administrator.
 - c. We noted the refunds were paid from the General Fund as is required.

Water and Sewer Funds

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 Revenue Statement and determined whether the:
 - a. Receipt amount per the Revenue Statement agreed to the amount recorded to the credit of the customer's account in the Customer Balance Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer Balance 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 read the Customer Balance Report.
 - a. We noted this report listed \$36,340 and \$31,549 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. Of the total receivables reported in the preceding step, \$1,401 was recorded as more than 90 days delinquent, as of the date of this report. The Village was unable to provide the required information as of December 31, 2015 or 2014 due to a failure to run a proper backup at year end. Per the Fiscal Officer/Village and the computer software company, these reports have to be printed as of year-end and cannot be recreated after those dates.
3. We read the Daily Cash Receipts Journal.
 - a. We noted this report listed a total of \$1,447 and \$881 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 Fiscal Officer/Village Administrator approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2013. These amounts agreed to the Village's January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
OPWC Cap Project Loan – Waterline	\$149,364
OPWC Cap Project Loan – Sewer Trunk	\$96,442
OWDA Cap Project Loan – Sewer Trunk	\$42,363
OWDA Cap Project Loan – Sewer Planning	\$220,308

2. We inquired of management, and scanned the Revenue Statement and Expense Statement 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 loan debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to water and sewer fund payments reported in the Expense Statement. 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 Sewer fund per the Revenue Statement. The amounts agreed, with the exception that the Village failed to record part of the proceeds of an OWDA loan in the amount of \$212,862 that was used to pay off the Sewer Planning Loan.
5. For new debt issued during 2015 and 2014, we inspected the debt legislation, noting the Village must use the proceeds for improvements to the Waste Water Treatment Plant and to pay off the Sewer Planning Loan. We scanned the Expense Statement and noted the Village paid contractors for improvements to the Waste Water Treatment Plant. However, the Village failed to record the expenditure of \$212,862 from an OWDA loan that was used to pay off the Sewer Planning Loan.

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 History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee History Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one instance where an employee's pay rate was not able to be verified as the legislatively approved rate.
 - 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 files and minute records. 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. Departments and funds to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. 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:

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 23, 2015	\$3,771.89	\$3,771.89
State income taxes	January 15, 2016	December 28, 2015	\$417.39	\$417.39
Village of Apple Creek income taxes	January 31, 2016	December 23, 2015	\$272.16	\$272.16
OPERS retirement	January 30, 2016	December 28, 2015	\$4,239.53	\$4,239.53
Chippewa Local School District income tax	January 31, 2016	December 21, 2015	\$21.65	\$21.65
Triway Local School District income tax	January 31, 2016	December 21, 2015	\$7.14	\$7.14
Dalton Local School District income tax	January 31, 2016	December 21, 2015	\$9.09	\$9.09

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Expense Statement 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 Expense Statement 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.

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 for the General, Street Construction, Maintenance and Repair and Parks and Recreation funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the Street Construction, Maintenance and Repair fund for 2014. The Revenue Statement recorded budgeted (i.e. certified) resources for the Street Construction, Maintenance and Repair fund of \$99,400 for 2014. However, the final *Amended Official Certificate of Estimated Resources* reflected \$109,400. 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 2015 and 2014 to determine whether, for the General, Street Construction, Maintenance and Repair and Parks and Recreation 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 Fund, Street Construction, Maintenance and Repair Fund and Parks and Recreation Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Statement report, with the exception of the General Fund in 2014. The Expense Statement recorded total appropriations for the General fund of \$411,854 for 2014. However, the total appropriations ordinance and amendments reflected \$426,764. The fiscal officer should periodically compare amounts recorded in the Expense Statement to amounts recorded on the appropriations ordinance and all amendments 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 Construction, Maintenance and Repair and Parks and Recreation 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 Construction, Maintenance and Repair and Parks and Recreation funds, 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 Revenue Statement 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 Statement and Expense Statement for evidence of interfund transfers exceeding \$500 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 Statements 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 Statement 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 Expense Statement 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

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.

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, 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 "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris & Associates, Inc.
April 6, 2016



Dave Yost • Auditor of State

VILLAGE OF APPLE CREEK

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
JUNE 7, 2016**