



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of South Point
Lawrence County
415 Solida Road
South Point, Ohio 45680

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of South Point, Lawrence County, Ohio (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, 2015 and 2014, 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, 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 Ledger Report to the December 31, 2013 balances in the documentation 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 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 Cash Summary by Fund Reports. The amounts agreed.
4. We observed the year-end bank balances at December 31, 2015 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 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, 2015. We noted no exceptions.

Property Taxes and Intergovernmental 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 for 2014. We found one exception for 2015. We noted a variance of \$185 in the gross receipt amount for 2015 (receipt #189-2015).
 - 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 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 2015 and five from 2014. We also selected five receipts from the County Auditor's Vendor Audit Trail Report 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.

Water, Sewer and Sanitation Funds' Charges for Services

1. We haphazardly selected 10 Water, Sewer and Sanitation Funds' collection cash receipts from the year ended December 31, 2015 and 10 Water, Sewer and Sanitation Funds' collection cash receipts from the year ended 2014 recorded in the Utilities A/R Report (Daily Deposit Reports) and determined whether the:
 - a. Receipt amount per the billing stub agreed to the amount recorded to the credit of the customer's account in the Utilities A/R Report (Daily Deposit Report). The amounts agreed.
 - b. Amount charged for the related billing period 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.
 - d. Total of the Daily Deposit Reports agreed to the Daily Payment Application Reports (fund break down). We found no exceptions.
 - e. Totals (by fund & in total) per Daily Payment Application Reports agreed to Utility Department Cash Journal Reports (by fund & in total). We found no exceptions.

- f. Subtotal fund break down per Cash Journal Reports agreed to total amount paid from the Utility's Bank Account to the General Bank Account. We found no exceptions.
 - g. Total per the Cash Journal reports agreed to total paid from Utility bank account to the Village's general bank account and to the receipt posting in Receipt Register Reports.
2. We read the Billing Summary Reports.
 - a. We noted this report listed \$368,083 and \$360,270 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. Of the total receivables reported in the preceding step, \$163,678 and \$165,038 were recorded as more than 90 days delinquent.
 3. We read the Adjustment Reports.
 - a. We noted this report listed a total of \$34,075 and \$192,119 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 Utility Clerks, Teresa Mazzone or Carol Spurlock, approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following bonds 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:
Step 3 Sewer Bond OWDA	\$2,225
1 st Mtg Sewer Bond OWDA	\$109,193
Sub Waterworks bond OWDA	\$39,595
Solida Sewer Bond USDA	\$781,900
Water Improvements Bond OPWC	\$63,346
Fire Truck Bond US Bank	\$78,020
Sewer Improvements Bond OPWC	\$628,525

2. We inquired of management, and scanned the Receipt Register Reports and Payment Register Detail Reports 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 debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to Step 3 Sewer Bond, 1st Mortgage Sewer Bond, Sub Waterworks Bond, Solida Sewer Bond, Water Improvements Bond, Sewer Improvements Bond 2009, Fire Truck Bond, and Solida Road Utilities Building Bond 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 Solida Road Utilities Building Bond and Street Repaving Bond 2015 Funds per the Receipt Register Report. The amounts agreed. The Village properly recorded the proceeds in a bond fund (i.e. special revenue and enterprise funds) 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 repair the streets and purchase the Solida Road Utilities Building. We scanned the Payment Register Detail Report and noted the Village purchased the Solida Road Utilities Building in December of 2014 and purchased street repaving services 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 Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail 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 Salary Schedule Reports and Wage Detail Reports. 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	\$3,965	\$3,965
State Income Taxes	January 15, 2016	December 31, 2015	\$1,567	\$1,567
OPERS Retirement	January 30, 2016	December 31, 2015	\$11,914	\$11,914
OP&F Retirement	January 31, 2016	December 18, 2015	\$4,970	\$4,970

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 Wage Detail 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 three 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.

Mayor's Court Transactions and Cash Balances

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 totals per the bank reconciliations to the total of December 31, 2015 and 2014 listing of unpaid distributions as of each December 31. The amounts agreed.
3. We observed the year-end bank balance on the financial institution's website. The balance agreed. We also agreed the confirmed balance to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
4. 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.
5. From the cash book, we haphazardly selected one month from the year ended December 31, 2015 and one month from the year ended 2014 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 Available For Expenditures and Balances, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Reports for the General, Fire Department and Water 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, Fire Department 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 Appropriation Status Report for 2015 and 2014 for the following funds: General, Fire Department and Water Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status reports.
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 Department and Water 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 Department and Water Funds, as recorded in the Appropriation Status Reports. 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 Reports 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. The Village established the Street Repaving Bond 2015 Fund during 2015 to segregate street repaving bond receipts and disbursements, in compliance with Section 5705.09. The Village also established the Solida Road Utilities Building Bond Fund during 2014 to segregate Solida Road Utilities Building Bond receipts and disbursements, in compliance with Section 5705.09.
7. We scanned the 2015 and 2014 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10,000 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 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 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

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. We noted no exceptions.

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, 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 2, 2016

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VILLAGE OF SOUTH POINT

LAWRENCE 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
AUGUST 16, 2016**