

**VILLAGE OF EDISON**

**MORROW COUNTY**

**JANUARY 1, 2015 TO DECEMBER 31, 2016  
AGREED UPON PROCEDURES**





# Dave Yost • Auditor of State

Village Council  
Village of Edison  
103 North Boundary Street  
Edison, Ohio 43320

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Edison, Morrow County, prepared by Julian & Grube, Inc., for the period January 1, 2015 through December 31, 2016. 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 Edison is responsible for compliance with these laws and regulations.

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Dave Yost  
Auditor of State

May 31, 2017

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Village of Edison  
Morrow County  
103 North Boundary Street  
Edison, Ohio 43320

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Edison 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, 2016 and 2015, 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 Accountant's 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2015 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, 2016 and 2015 fund cash balances reported in the Cash Summary by Fund Report. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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.

6. We tested the interbank account transfer occurring in December of 2015 to determine if it was properly recorded in the accounting records and on each bank statement. We found 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 2016 and one from 2015:
  - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Export. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s) 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 Export to determine whether it included two real estate tax receipts for 2016 and 2015. We noted the Receipt Export included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also selected five receipts from the County Auditor's Vendor Report from 2016 and five from 2015.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Export. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). We found two county distributions for license revenue in the amounts of \$334 and \$241 that were receipted into the Permissive Motor Vehicle License Tax Revenue Fund instead of the Street Construction Maintenance and Repair Fund and the State Highway Fund. We brought this to management's attention. They corrected the Fund balances for these items. However, because we did not test all receipts, our report provides no assurance regarding whether or not similar errors occurred.
  - 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, 2016 and 2015 Monthly Distribution Reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village of Edison. We agreed the total gross income taxes per year to the Village of Edison's Receipt Export. The amounts on the Monthly Distribution Reports submitted by RITA reported \$26,966 and \$29,250 for December 31, 2016 and 2015, respectively. The Receipt Export recorded \$26,754 and \$28,372, respectively.

### **Sewer Operating Fund**

1. We haphazardly selected ten Sewer Operating Fund collection cash receipts from the year ended December 31, 2016 and ten Sewer Operating Fund collection cash receipts from the year ended 2015 recorded in the Receipt Export and determined whether the:
  - a. Receipt amount per the Receipt Export agreed to the amount recorded to the credit of the customer's account in the Revenue Deposit Payment Checklist Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Account History Report 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 fund, and was recorded in the year received. We found no exceptions.
2. We read the Customer Account Aging Report
  - a. We noted this report listed \$19,860 and \$20,298 of accounts receivable as of December 31, 2016 and 2015, respectively.

- b. Of the total receivables reported in the preceding step, \$8,224 and \$9,272 were recorded as more than 90 days delinquent.
- 3. We read the Adjustment History Report.
  - a. We noted this report listed a total of \$72 and \$7,987 non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.
  - b. We selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and noted that the Board of Public Affairs Clerk approved each adjustment.

**Debt**

- 1. From the prior audit documentation, we noted the following bond and loan outstanding as of December 31, 2014. These amounts agreed to the Village of Edison's January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
2000 USDA Wastewater Facilities Improvements Revenue Bond	\$1,132,676
2013 OWDA Sewer Relining Loan	\$30,120

- 2. We inquired of management, and scanned the Receipt Export and Payment Export for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3.
- 3. We obtained a summary of bond and loan activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to Sewer Operating Fund payments reported in the Payment Export. We also compared the date the debt service payments were due to the date the Village of Edison made the payments. We found no exceptions.

**Payroll Cash Disbursements**

- 1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Wage Detail Export and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively-approved rate or salary). All agreed with the exception of one payment, due to a retroactive pay increase, which could not be recalculated, but was approved by Council.
  - b. We determined whether the fund(s) and account code(s) 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, 2016 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 2016. 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, 2017	January 9, 2017	\$2,022.18	\$2,022.18
State income taxes	January 31, 2017	January 9, 2017	\$230.93	\$230.93
Mt. Gilead School Tax	January 31, 2017	January 9, 2017	\$93.42	\$93.42
Village of Edison income tax	January 31, 2017	January 9, 2017	\$63.36	\$63.36
OPERS retirement	January 31, 2017	January 10, 2017	\$1,333.28	\$1,333.28

#### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Export for the year ended December 31, 2016 and ten from the year ended 2015 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 Export 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 ten 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, 2016 and December 31, 2015 bank reconciliations. While the Village of Edison's bank accounts were reconciled in total, a bank reconciliation was not performed for the individual bank account used for Mayor's Court.
2. We compared the reconciled cash totals as of December 31, 2016 and December 31, 2015 to the Mayor's Court Agency Fund balance reported in the Cash Summary by Fund Report. The amounts on the Cash Summary by Fund Report reported \$785 and \$535 for December 31, 2016 and 2015, respectively. The Financial Institution reported \$532 and \$282, respectively.
3. We did not agree the totals per the bank reconciliations to the total of December 31, 2016 and 2015 listing of unpaid distributions as of each December 31, as no amounts were listed as unpaid distributions.



4. We observed the year-end bank balance on the financial institution's website. The balances agreed. We also agreed the confirmed balance to the amount appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected two 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.

6. From the cash book, we selected one month from the year ended December 31, 2016 and one month from the year ended 2015 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 of Edison, State or other applicable government in the following month. The Village of Edison's Mayor's Court ceased operations in 2014. There are several outstanding fines due to the Village of Edison's Mayor's Court. One for \$25 in 2015 and one for \$250 in 2016 were collected. However, the Village of Edison has not remitted these funds accordingly.
  - b. No amounts for these two months were remitted per the cash book.

#### **Compliance – Budgetary**

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Fire and Sewer Operating Funds for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Sewer Operating Funds. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$113,251 and \$81,444 for 2016 and 2015, respectively. However, the final *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* reflected \$112,758 and \$89,186 for 2016 and 2015, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Sewer Operating Fund of \$282,348 and \$295,394 for 2016 and 2015, respectively. However, the final *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* reflected \$281,960 and \$295,034 for 2016 and 2015, respectively. 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, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We scanned the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Fire and Sewer Operating 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 2016 and 2015 for the General, Fire and Sewer Operating Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, except for the General Fund. The Appropriation Status Report recorded appropriations for the General Fund of \$60,711 for 2015. However, the Permanent Appropriations approved by Council reflected \$60,665 for 2015. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts per Council Approved Permanent Appropriations 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, Fire and Sewer Operating funds for the years ended December 31, 2016 and 2015. 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, 2016 and 2015 for the General, Fire and Sewer Operating 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 Export for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Village of Edison received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village of Edison to establish a new fund.
7. We scanned the 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$15,000 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 of Edison elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village of Edison established a replacement sewer reserve account within a segregated fund. Ohio Rev. Code Section 5705.13(A) limits the balance in this account to five per cent of the preceding year's receipts. The balance in this account was \$76,220 as of December 31, 2016, and was \$75,996 as of December 31, 2015, which exceeded this limit each year. However, the Village of Edison's USDA debt covenant requires a reserve of \$74,803 be maintained.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (l) 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 Export for the years ended December 31, 2016 and 2015 to determine if the Village of Edison 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 of Edison filed their financial information within the allotted timeframe for the years ended December 31, 2016 and 2015. 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 of Edison'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 of Edison, and is not intended to be, and should not be used by anyone other than these specified parties.

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Julian & Grube, Inc.  
April 20, 2017

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# Dave Yost • Auditor of State

VILLAGE OF EDISON

MORROW 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 13, 2017