

VILLAGE OF CLARKSBURG

ROSS COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 31, 2013 and 2012





Dave Yost • Auditor of State

Village Council
Village of Clarksburg
10849 Main Street
Clarksburg, Ohio 43115

We have reviewed the *Independent Auditor's Report on Applying Agreed-Upon Procedures* of the Village of Clarksburg, Ross County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2012 through December 31, 2013. 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 Clarksburg is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

July 15, 2014

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VILLAGE OF CLARKSBURG
ROSS COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2013 and 2012

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

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Clarksburg
10849 Main Street
Clarksburg, Ohio 43115

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Clarksburg, Ross County (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, 2013 and 2012, 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, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2011 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in Cash Summary by Fund Report to the December 31, 2012 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, 2013 and 2012 fund cash balances reported in the Cash Summary by Fund Reports. The amounts agreed.
4. We confirmed the December 31, 2013 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 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 cash journal, 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 County *Distribution of Receipts – Real Estate, Utility and Personal Property Taxes* Statement (the Statement) for 2013 and one from 2012:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Cash Journal. 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 Journal to determine whether it included two real estate tax receipts for 2013 and 2012. We noted the Cash Journal included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2013 and five from 2012. We also selected five receipts from the County Auditor's DTLs from 2013 and five from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Cash Journal. 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 and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2013 and 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 recorded in the Daily Payment Detail Report and determined whether the:
 - a. Receipt amount per the Daily Payment Detail Report agreed to the amount recorded to the credit of the customer's account in the Billing Register Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Register 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 Billing Register Report.
 - a. Because the Billing Register Report contained active and inactive accounts which, in some cases, were indistinguishable from one another, it was not practicable for us to determine an accounts receivable balance at December 31, 2013 and 2012.
 - b. The Village's billing system does not generate a non-cash accounts receivable adjustment report. Without adequate accounts receivable information, the Village lacks reliable information on overdue amounts, systems-derived documentation on noncash adjustments and approval of noncash adjustments, and information upon which to judge whether the Village should write off or follow up on uncollectible amounts. We recommend the Village upgrade its accounts receivable and billing system.

Debt

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2011. These amounts agreed to the Village's January 1, 2012 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2011:
1990 – OWDA Loan # 1522	\$111,670
2003/2002 –OPWC Water Loan	95,489
2009 OPWC WWTP	90,726

2. We inquired of management, and scanned the Cash Journal for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Cash Journal. 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 Water Distribution Improvement fund per the Cash Journal. The amounts agreed.
5. For new debt issued during 2013 and 2012, we inspected the debt legislation, noting the Village must use the proceeds to improve the water system including water distribution system replacement, water storage repairs, and water meter upgrades. We scanned the Payment Register Detail Report and noted the Village paid for engineering fees for a water line project.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from the Wage Detail Report for 2013 and one payroll check for five employees from the Employee Detail Adjustment Report for 2012 and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report and 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 employees' time sheet. 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, 2013 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 2013. 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, 2014	December 31, 2013	\$613.78	\$613.78
State income taxes	January 15, 2014	December 31, 2013	\$177.06	\$177.06
OPERS retirement	January 30, 2014	December 31, 2013	\$1,247.55	\$1,247.55

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2013 and ten from the year ended December 31, 2012 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 Journal 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 two instances in 2013 and one instance in 2012 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 *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, Water and Sewer funds for the years ended December 31, 2013 and 2012. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Water, and Sewer funds of \$40,325, \$56,600, and \$55,000 for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$33,962, \$68,795 and \$57,800, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$40,637 for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$47,960. 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 2013 and 2012 to determine whether, for the General, Water and Sewer 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 2013 and 2012 for the following funds: General, Water and Sewer funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report. In 2012, the appropriations resolutions reflected \$55,306 for the General Fund, \$64,000 for the Water Fund, and \$61,550 for the Sewer Fund. However, the Appropriations Status Report showed \$64,379 for the General Fund, \$72,000 for the Water Fund, and \$72,550 for the Sewer fund. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded in the appropriation resolutions to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and monitoring purposes.
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, Water and Sewer funds for the years ended December 31, 2013 and 2012. 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, 2013 and 2012 for the General, Water and Sewer 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 Cash Journal Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. 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 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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, 2013 and 2012 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 Cash Journal for the years ended December 31, 2013 and 2012 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.

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 "Charles E. Harris, Assistant".

Charles E. Harris & Associates, Inc.
June 13, 2014

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Dave Yost • Auditor of State

VILLAGE OF CLARKSBURG

ROSS 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
JULY 29, 2014**