



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Jefferson
Ashtabula County
27 East Jefferson Street
Jefferson, Ohio

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Jefferson (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, 2014 and 2013, 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 and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Statement of Cash Position to the December 31, 2012 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Statement of Cash Position to the December 31, 2013 balances in the Statement of Cash Position. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Statements of Cash Position. The amounts agreed.
4. We confirmed the December 31, 2014 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, 2014 bank reconciliation without exception.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
 - a. We traced each debit to the subsequent January and February 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 all reconciling credits (such as deposits in transit) from the December 31, 2014 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Revenue Audit Trail Report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested investments held at December 31, 2014 and December 31, 2013 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. 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 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Audit Trail Report. 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 Audit Trail Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Revenue Audit Trail Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's Payment Register from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Audit Trail 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 compared the allocation of income tax receipts for the years ended December 31, 2014 and 2013 to the Village's funds according to the allocation requirements of Ordinance No. 05-0-2623. The allocation agreed with the percentages the Ordinance requires.
2. We selected five income tax returns filed during 2014 and five from 2013.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the batch amount. The amounts agreed.
 - b. We compared the batch amount total from step a. to the amount recorded as income tax receipts in the Revenue Audit Trail Report 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 2014 and five from 2013.
 - a. We compared the refund paid from the Expenditure Audit Trail Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds was approved by the Income Tax Clerk and the Clerk Treasurer.
 - c. We noted the refunds were paid from General Fund, Capital Improvement Fund and Safety Service Fund, as is required.

Sewer Fund

1. We haphazardly selected 10 Sewer Fund collection cash receipts from the year ended December 31, 2014 and 10 Sewer Fund collection cash receipts from the year ended 2013 recorded in the Utilities/Billing Cycle Receipts Journal and determined whether the:
 - a. Receipt amount per the Utilities/Billing Cycle Receipts Journal agreed to the amount recorded to the credit of the customer's account in the Utilities/Billing Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utilities/Billing Cycle Receipt Journal 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 Utilities/Billing Trial Balance Report:
 - a. We noted this report listed \$20,693 and \$20,059 of accounts receivable as of December 31, 2014 and 2013, respectively.
 - b. Of the total receivables reported in the preceding step, \$2,427 and \$10,774 were recorded as more than 90 days delinquent.
3. We read the Utilities/Billing Adjustment Journal
 - a. We noted this report listed a total of \$37,173 and \$35,540 non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
 - b. The non-cash adjustments were verbally approved by Terry Finger, Village Administrator.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following bonds, leases, notes and loans outstanding as of December 31, 2012. These amounts did not agree to the Villages January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
Governmental Funds	
GO Bond – Recreation Facility	\$808,725
GO Note – West Cedar Street Sp. Assessment	\$150,429
ODOT State Infrastructure Note - West Mulberry Improvements	\$292,499
OPWC Loans - West Mulberry Street Improvements	\$247,776
Capital Lease Obligations	\$511,524
Enterprise Funds	
OWDA Loans – Sewer Construction Loan #2298	\$474,664
OWDA Loans – Sewer Construction Loan #2299	\$7,397
OWDA Loans – SR 46 Sewer Extension Loan #4741	\$220,500
OWDA Loans – SR 46 Sewer Extension Loan #5339	\$34,398
OWPC Loans – Elm Street Lift Station	\$20,000
OPWC Loans – WWTP Upgrades	\$350,880
Total Debt Outstanding	\$3,118,792

2. We inquired of management, and scanned the Revenue Audit Trail Report and Expense Audit Trail Report for evidence of debt issued during 2014 or 2013 and debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of leases, bonded and note debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Expense Audit Trail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions. However, we were unable to agree to the prior year's agreed upon procedures ending balances. We brought this to the attention of the Treasurer, who will update her spreadsheet and separate the interest amounts from the principal reductions in the summary.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Capital Improvement (224), Sewer Improvement (509) and Safety Services (219) funds per the Revenue Audit Trail Report. The amounts agreed.
5. For new debt issued during 2014 and 2013, we inspected the debt legislation, noting the Village must use the proceeds to purchase a new police building, purchase trucks for use at the Wastewater Treatment Plant, purchase a new police cruiser, and to replace a culvert on Sycamore Street. We scanned the Expense Audit Trail Report and noted the Village purchased a new police building in March 2013, purchased one new Wastewater Treatment truck in May 2013 and a second one in December 2014, purchased a new police cruiser in March 2014, and for work performed on the Sycamore Street culvert in 2013 and 2014.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Year to Date Payroll Register and:
 - a. We compared the hours and pay rate, or salary, recorded in the Payroll Register 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 ordinances and job descriptions. 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 employee's personnel file 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
 - 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, 2014 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 2014. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2015	January 22, 2015	\$31,612.16	\$31,612.16
State income taxes	January 15, 2015	December 23, 2014	\$1,861.46	\$1,861.46
City of Conneaut income taxes	January 31, 2015	January 8, 2015	\$165.57	\$165.57
Village of Jefferson income taxes	January 31, 2015	December 23, 2014	\$1,189.46	\$1,189.46
OPERS retirement	January 30, 2015	December 29, 2014	\$14,401.24	\$14,401.24
OP&F retirement	January 31, 2015	December 29, 2014	\$5,211.09	\$5,211.09

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Expense Audit Trail Report for the year ended December 31, 2014 and ten from the year ended 2013 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 Audit Trail 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. 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 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.

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 Schedule of Revenues, Expenditures and Changes in Fund Balances for the General, Safety Services and Capital Improvement Special Revenue funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* did not agree to the amounts recorded in the accounting system. The final *Amended Official Certificate of Estimated Resources* for 2014 reflected \$767,932 for the General fund, \$503,500 for the Safety Services fund, and \$710,661 for the Capital Improvement Special Revenue fund. However, the Schedule of Revenues, Expenditures and Changes in Fund Balances recorded budgeted resources for the General fund of \$785,968, the Safety Services fund of \$516,296, and the Capital Improvement Special Revenue fund of \$717,141 for 2014. In 2013, the final *Amended Official Certificate of Estimated Resources* reflected \$822,553 for the General fund, \$475,500 for the Safety Services fund, and \$1,297,900 for the Capital Improvement Special Revenue fund. However, the Schedule of Revenues, Expenditures and Changes in Fund Balances recorded budgeted resources for the General fund of \$793,385, the Safety Services fund of \$470,231, and the Capital Improvement Special Revenue fund of \$974,426 for 2013. 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 2014 and 2013 to determine whether, for the General, Safety Services and Capital Improvements 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 that the Village did not separately appropriate for personal services within each office, department and division.

Compliance – Budgetary (Continued)

3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Schedule of Revenues, Expenditures and Changes in Fund Balances for 2014 and 2013 for the following funds: General, Safety Services and Capital Improvements. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Schedule of Revenues, Expenditures and Changes in Fund Balances reports for 2014 and 2013. The fiscal officer should periodically compare the amounts recorded in the Schedule of Revenues, Expenditures and Changes in Fund Balances to amounts recorded on the Appropriations Amendments 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, Safety Services and Capital Improvement funds for the years ended December 31, 2014 and 2013. 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, 2014 and 2013 for the General, Safety Services and Capital Improvement fund, as recorded in the Schedule of Revenues, Expenditures and Changes in Fund Balances. 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 Audit Trail Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. 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 2014 and 2013 Revenue Audit Trail Report and Schedule of Revenues, Expenditures and Changes in Fund Balances 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 Schedule of Revenues, Expenditures and Changes in Fund Balances 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, 2014 and 2013 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

1. We inquired of management and scanned the Expense Audit Trail Report for the years ended December 31, 2014 and 2013 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, 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

April 2, 2015



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VILLAGE OF JEFFERSON

ASHTABULA 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
APRIL 21, 2015**