

**VILLAGE OF LAFAYETTE**  
**ALLEN COUNTY, OHIO**

**Agreed-Upon Procedures**

**For the Years Ended  
December 31, 2019 and 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Lafayette  
P.O. Box 7184  
225 E. Sugar Street  
Lafayette, Ohio 45854

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Lafayette, Allen County, prepared by Julian & Grube, Inc., for the period January 1, 2018 through December 31, 2019. 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 Lafayette is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 24, 2020

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

Village of Lafayette  
Allen County  
P.O. Box 7184  
225 E. Sugar Street  
Lafayette, Ohio 45854

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Lafayette (the Village) and the Auditor of State, on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2019 and 2018 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2019 and 2018 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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 recalculated the December 31, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Cash Fund Summary Report to the December 31, 2017 balances in the prior year audited statements. We found the identified 2016 and 2017 audit adjustments were not posted until 2019 via a transfer. We also agreed the January 1, 2019 beginning fund balances recorded in the Cash Fund Summary Report to the December 31, 2018 balances in the Cash Fund Summary Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 and 2018 fund cash balances reported in the Cash Fund Summary Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balance through the Ohio Pooled Collateral System. We found no exceptions. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2019 bank reconciliation without exception.
5. We selected the five reconciling debits (such as outstanding checks) from the December 31, 2019 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. There were no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the Allen County Auditor Vendor Invoice List for 2019 and a total of five from 2018:
  - a. We compared the amount from the above named reports to the amount recorded in the Revenue Ledger Report. The amounts agreed, except for the property tax settlement selected in 2018, the Village overreported property tax receipts and auditor and treasurer fees in the amount of \$1,506;
  - b. We inspected the Revenue Ledger Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Revenue Ledger Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Revenue Ledger Report included the proper number of tax receipts for each year.
3. We confirmed the total amount paid on behalf of the Village from the Ohio Water Development Authority (OWDA) during 2019 and 2018 with the OWDA website. We found loan proceeds paid on behalf during 2018 in the amount of \$97,914 were not recorded.
  - a. We inspected the Revenue Ledger Report to determine whether these receipts were allocated to the proper fund. We found that 2018 amounts were not reported and that 2019 on behalf payments in the amount of \$121,612 were reported in the Sewer Operating Fund instead of the Sewer Improvement Fund.
  - b. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found amounts paid on behalf during 2018 in the amount of \$97,914 were not reported.

### **Sewer Fund**

1. We selected 10 Sewer Fund collection cash receipts from the year ended December 31, 2019 and 10 Sewer Fund collection cash receipts from the year ended 2018 recorded in the Revenue Ledger Report and determined whether the:
  - a. Receipt amount per the Revenue Ledger Report agreed to the amount recorded to the credit of the customer's account in the Daily Cash Receipts Journal Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Daily Cash Receipts Journal 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 funds, and was recorded in the year received. We found during 2019 one receipt in the amount of \$26 was recorded in the Enterprise Debt Service fund (5721) instead of Enterprise Debt Service fund (5722). This was corrected in the Village's accounting system.
2. We observed the Aged Customer 90 days Report - By Account # (2019) and the Aged Customer 60 Days Report - By Account # (2018).
  - a. These reports listed \$734 and \$962 of accounts receivable as of December 31, 2019 and 2018, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$261 and \$63 were recorded as more than 90 days delinquent.

3. We observed the Daily Cash Receipts Journal.
  - a. This report listed a total of (\$593) and \$967 non-cash receipts adjustments for the years ended December 31, 2019 and 2018, respectively.
  - b. We selected five non-cash adjustments from 2019 and five non-cash adjustments from 2018, and observed that the Village Official did not approve each adjustment.

**Debt**

1. From the prior audit documentation, we observed the following bonds, notes, and loans were outstanding as of December 31, 2017. These amounts did not agree to the Villages January 1, 2018 balances on the summary we used in procedure 3, as a summary was not prepared.

Issue	Principal outstanding as of December 31, 2017:
USDA Mortgage Revenue Bonds	\$41,500
OWDA - #7593	\$806,103
OWDA - #7079	\$29,058
OWDA - #6912	\$46,902
OWDA - #4143	\$44,164
Ohio Public Works Commission - #CM10R	\$13,398
Bank Loan	\$12,796

2. We inquired of management and inspected the Revenue Ledger Report and Payment Register Detail Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. As noted in Step #3 below, the Village did not prepare a summary reporting beginning balances, proceeds and payments during 2019 or 2018. The Village did include a schedule reporting outstanding balances at December 31, 2019 and December 31, 2018 in the HINKLE filed report.
3. We did not obtain a summary of bonds, notes, and loans debt activity for 2019 and 2018, as the Village did not prepare a summary schedule. The Village did prepare a year end summary of debt outstanding at December 31, 2019 and December 31, 2018 as reported in the HINKLE system. The balance reported at December 31, 2019 was over stated by \$40,764 and the balance reported at December 31, 2018 was over stated \$16. We did agree principal and interest payments from the related debt amortization schedules to the General Fund and the Enterprise Debt Service 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. For new debt issued during 2019 and 2018, we inspected the debt legislation, which stated the Village must use the proceeds to improve the Wastewater Treatment Plant. We inspected the Revenue Ledger Report and the Payment Register Detail Report and observed the Village recorded on-behalf payments in the amount of \$121,612 in the Sewer Operating Fund instead of the Sewer Improvement fund for the year ended December 31, 2019 and did not record on-behalf payments in the amount of \$97,914 for the year ended December 31, 2018.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2019 and one payroll check for five employees from 2018 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 inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
  - c. For any new employees selected in procedure 1 we inspected the employees' personnel files and/or minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
    - i. Name
    - ii. Authorized salary or pay rate and departments and funds to which the check should be charged
    - iii. Retirement system participation and payroll withholding, Federal, State & Local income tax withholding authorization and withholding

We found no exceptions related to procedures i. – iii. above.

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2019 to confirm 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 2019. We observed 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, 2020	January 27, 2020	\$2,083.44	\$2,083.44
State income taxes	January 31, 2020	January 27, 2020	291.56	291.56
OPERS retirement	January 30, 2020	January 24, 2020	1,239.87	1,239.87

**Non-Payroll Cash Disbursements**

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2019 and 10 from the year ended 2018 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 in 2019, one check number on the physical check did not agree to the Uniform Accounting Network (UAN) check number, due to inadvertent shuffling of checks when putting them in the printer.
  - 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 one instance in 2019 and four instances in 2018 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 inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### **Compliance – Budgetary**

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General, Street Construction and Maintenance Fund and Sewer Operating fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected the 2019 and 2018 Cash Fund Summary Reports for evidence of interfund transfers exceeding \$0 which Ohio Rev. Code Sections 5705.14-16 restrict. We found no evidence of transfers these sections prohibit, or for which sections 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or the Court of Common Pleas (effective through June 30, 2017).
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2019 and 2018 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. There were no funds having negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Village's Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We selected all public records requests from the engagement period and inspected each request to determine the Village was compliant and responded to the request in accordance with their adopted policy. We found no exceptions.
3. We inquired with Village management and determined that the Village did not have any denied public records requests during the engagement period.
4. We inquired with Township management and determined that the Township did not have any public records requests with redactions during the engagement period.
5. We inquired whether the Village has a records retention policy and if that policy is readily available to the public. We found no exceptions.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.

7. We inspected the Village's policy manual and determined the public records policy was included. We found no exceptions.
8. We inquired whether the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village. We found no exceptions.
9. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inspected individual training certificates and determined whether each elected official (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office. We found no exceptions.
11. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public of when and where meetings during the engagement period are to be held. We found no exceptions.
12. We inspected the minutes of public meetings during the engagement period and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting.
  - b. Filed – placed with similar documents in an organized manner.
  - c. Maintained - retained, at a minimum, for the engagement period.
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
13. We inspected the minutes from the engagement period and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2019 and 2018 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list(s) of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policy obtained above and determined it is:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the entity.

- We found the credit card policy does not meet aspects of HB 312, Section 9.21(A)(5) and (6). Specifically, the Village's credit card policy failed to describe the procedure for initial credit card issuance and the maximum credit limit. The policy was timely and properly implemented by the Village.
- b. We selected 1 credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
- i. Use was by an authorized user within the guidelines established in the policy, and
  - ii. Each transaction was supported with original invoices and for a proper public purpose.
- We found no exceptions.
- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
- i. No unpaid beginning balance was carried forward to the current billing cycle,
  - ii. Ending statement balance was paid in full, and
  - iii. Statement contained no interest or late fees.
- We found no exceptions.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2019 and 2018 and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Julian & Grube, Inc.  
April 24, 2020

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF LAFAYETTE**

**ALLEN 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 7, 2020**