



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Lewisburg
Preble County
112 South Commerce Street
Lewisburg, Ohio, 45338

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Lewisburg (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, 2017 and 2016 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, 2017 and 2016 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 and Investments

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2015 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2016 balances in the Fund Cash Balance Statement. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Fund Balance Report. The amounts agreed.
4. Either, we confirmed the December 31, 2017 bank account balances with the Village's financial institutions or 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, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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. There were no exceptions.

Cash and Investments (Continued)

6. We traced interbank account transfers occurring in December of 2017 and 2016 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
7. We inspected investments held at December 31, 2017 and December 31, 2016 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 haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Check Register. The amounts agreed.
 - b. We inspected the Revenue Statement Account to confirm 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 inspected the Revenue Statement Account to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Check Register to determine whether it included two real estate tax receipts for 2017 and 2016. The Check Register included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the Preble County's Vendor Activity Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Check Register. The amounts agreed.
 - b. We inspected the Check Register to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Check Register to determine 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, 2017 and 2016 to the Village's funds according to the allocation requirements of Resolution No. 2015-10. During 2017, the Village allocated \$422 more to the Capital Improvement Projects fund and the Village allocated \$633 less to the Capital Improvement Projects fund during 2016. The Village's general fund received \$422 less in income tax receipts during 2017 and received \$633 more in income tax receipts during 2016. Procedures should be established and implemented to verify that income taxes are allocated between General and Capital Improvement Projects fund in accordance with Resolution No. 2015-10.
2. We haphazardly selected five income tax returns filed during 2017 and five from 2016.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Payment Journals. The amounts agreed.
 - b. We compared the Payment Journal total from procedure a. to the amount recorded as income tax receipts in the Check Register for that date. The amounts agreed.

Income Tax Receipts (Continued)

4. We compared the date of the receipts to the date the receipts was posted in the Check Register to determine whether the receipts were recorded in the year received. We found no exceptions.
5. We haphazardly selected five income tax refunds from 2017 and five from 2016.
 - a. We compared the refund paid from the Check Register to the refund amount requested in the tax return. The amounts agreed.
 - b. We observed the approval by Income Tax Clerk on each of the refunds. No exceptions were found.
 - c. We observed the refunds were paid from the Village Income Tax Fund as is required.

Water, Sewer, and Sanitation Funds

1. We haphazardly selected 10 Water, Sewer, and Sanitation Funds collection cash receipts from the year ended December 31, 2017 and 10 Water, Sewer, and Sanitation Funds collection cash receipts from the year ended 2016 recorded in the Meter Reading Detail Report and determined whether the:
 - a. Receipt amount per the Detail Receipt Spreadsheet agreed to the amount recorded to the credit of the customer's account in the Customer Balance Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer Balance 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 billing. 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 observed the Aged Customer Delinquent Reports..
 - a. This report listed \$1,806 and \$1,031 of accounts receivable as of December 31, 2017 and 2016, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$83 and \$133 were recorded as more than 90 days delinquent.
3. We observed the Daily Cash Receipts Journal.
 - a. This report listed a total of \$3,201 and \$721 non-cash receipts adjustments for the years ended December 31, 2017 and 2016, respectively.
 - b. We haphazardly selected five non-cash adjustments from 2017 and five non-cash adjustments from 2016, and observed that the Village Manager approved each adjustment except for turn on fees for delinquent accounts which did not require manager's approval.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following bonds and loans were outstanding as of December 31, 2015. These amounts agreed to the Village's January 1, 2016 balances on the summary we used in procedure 3.

Debt (Continued)

Issue	Principal outstanding as of December 31, 2015:
OPWC Loan – Main Street	\$41,250
OPWC Loan – Water Tower	\$120,098
OPWC Loan – Sludge	\$201,558
OPWC Loan – Wastewater Plant	\$1,300,000
Police Administration Loan	\$72,396
OWDA Water Treatment Plant Loan	\$929,858
LCNB Bond	594,000

2. We inquired of management, and inspected the Check Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds and loans debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to General Fund, Fire/Ambulance Special Levy Fund, Capital Improvement Projects, Water, Sewer, and New Ambulance Reserve Trust funds payments reported in the Check 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 Capital Improvement Projects and Water funds per the Detailed Receipt Report. The amounts agreed.
5. For new debt issued during 2017 and 2016, we inspected the debt legislation, which stated the Village must use the proceeds to repair the water tower stem and improvements to the water spray ground. We inspected the Detailed Expense Statements and observed the Village expended funds to make improvements to the water spray ground and water tower on April 30, 2018, and May 7, 2018.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Detailed Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Detailed Payroll Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Detailed Payroll Register. We found no exceptions.
 - c. 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, Minutes, and timesheets. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files and minute records for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name;
 - b. Authorized salary or pay rate;
 - c. Departments and funds to which the check should be charged;

Payroll Cash Disbursements (Continued)

- e. Federal, State & Local income tax withholding authorization and withholding; and
- f. Any other deduction authorizations (deferred compensation, etc.).

We found no exceptions related to procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 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 2017. We observed 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, 2018	December 29, 2017	\$36,473	\$36,473
State income taxes	January 15, 2018	January 3, 2018	\$2,993	\$2,993
Village of Lewisburg income tax	January 15, 2018	January 3, 2018	\$2,093	\$2,093
School District Income Tax	January 16, 2018	January 3, 2018	\$1,180	\$1,180
OPERS retirement	January 30, 2018	January 13, 2018	\$4,935	\$4,935
OP&F retirement	January 31, 2018	January 13, 2018	\$5,051	\$5,051

4. 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 Detailed Payroll Report:
 - a. Accumulated leave records;
 - b. The employee's pay rate in effect as of the termination date; and
 - 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. From the Check Detail Report, we re-footed checks recorded as General Fund disbursements for *Insurance for All Departments*, and checks recorded as *Water Tower Repairs* in the Water fund for 2017. We found no exceptions.
2. We haphazardly selected ten disbursements from the Check Detail Report for the year ended December 31, 2017 and ten from the year ended 2016 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 Check 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.

Non-Payroll Cash Disbursements (Continued)

- 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 where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Additionally, we noted five instances where *Then and Now Certificate* in excess of \$3,000 was issued. However, the certificates were not approved by the Village Council. 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. The Village has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution for certificates that are greater than \$3,000. Because we did not inspect 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 Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the for the General, Water, and Sanitation funds for the years ended December 31, 2017 and 2016. The amounts of the *Amended Certificate of Estimated Resources* agreed to the amount recorded in the accounting system, except for the Water fund. The Revenue Statement Report recorded budgeted (i.e. certified) resources for the Water fund of \$471,050 for 2016. However, the final *Amended Certificate of Estimated Resources* reflected \$456,850. 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 inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Water, and Sanitation 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 Expense Statement Reports for 2017 and 2016 for the following funds: General, Water, and Sanitation funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Statement Report.
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 Sanitation funds for the years ended December 31, 2017 and 2016. There were 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, 2017 and 2016 for the General, Water, and Sanitation, as recorded in the Expense Statement Report. We observed no funds for which expenditures exceeded appropriations.

Compliance – Budgetary (Continued)

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Detailed Receipt Spreadsheet for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting record.
8. We inspected the 2017 and 2016 Detailed Receipt Reports and Detailed Check Reports for evidence of interfund transfers exceeding \$50,000 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 or Court of Common Pleas.
9. We inquired of management and inspected the Expense Statement Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Fund Cash Balance Statements for the years ended December 31, 2017 and 2016 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. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Detailed Check Register for the years ended December 31, 2017 and 2016 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 require 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 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, in addition to filing extensions granted for extenuating circumstances, allow for refile complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Village's deadline where the initial filing was filed on time but incomplete. We confirmed the Village filed its 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, 2017 and 2016 in the Hinkle system. There were no exceptions.

Other Compliance (Continued)

2. We inquired of the Fiscal Officer and obtained the training certificates to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer obtained the required training.

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 its cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 23, 2018



Dave Yost • Auditor of State

VILLAGE OF LEWISBURG

PREBLE 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
NOVEMBER 15, 2018