

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
JANUARY 1, 2016 TO DECEMBER 31, 2017
AGREED-UPON PROCEDURES



Dave Yost • Auditor of State

Village Council
Village of Newcomerstown
124 West Church Street
Newcomerstown, Ohio 43832

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Newcomerstown, Tuscarawas County, prepared by Julian & Grube, Inc., for the period January 1, 2016 through December 31, 2017. 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 Newcomerstown is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 24, 2018

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Julian & Grube, Inc.
Serving Ohio Local Governments

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Newcomerstown
Tuscarawas County
124 West Church Street
Newcomerstown, Ohio 43832

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Newcomerstown (the Village) and the Auditor of State, on the receipts, disbursements and balances recorded in the Villages 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 2016 YTD Fund Period Report to the December 31, 2015 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the 2017 YTD Fund Period Report to the December 31, 2016 balances in the 2016 YTD Fund Period Report. 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 2017 and 2016 YTD Fund Period Reports. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the Village's financial institutions. 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.
6. We traced interbank account transfers occurring in December of 2017 and 2016 to the accounting records and reconciliations 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 2017 and 2016 Detailed Revenue Transaction Reports. The amounts agreed.
 - b. We inspected the 2017 and 2016 Detailed Revenue Transaction Reports 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 2017 and 2016 Detailed Revenue Transaction Reports to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the 2017 and 2016 Detailed Revenue Transaction Reports to determine whether it included two real estate tax receipts for 2017 and 2016. The 2017 and 2016 Detailed Revenue Transaction Reports 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 Tuscarawas County Auditor's DTLs from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the 2017 and 2016 Detailed Revenue Transaction Reports. The amounts agreed.
 - b. We inspected the 2017 and 2016 Detailed Revenue Transaction Reports to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the 2017 and 2016 Detailed Revenue Transaction Reports to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2017 and 2016 Month Distribution Summary Reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's 2017 and 2016 Detailed Revenue Transaction Reports. The amounts for 2016 agreed. We noted an exception for 2017 as the April 2017 receipt was recorded at the net amount instead of the gross amount.
2. 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 Ordinance No's 5-01 and 6-07. The allocation agreed with the percentages the Ordinances require.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2017 and 10 Water and Sewer Fund collection cash receipts from the year ended 2016 recorded in the 2017 and 2016 Detailed Revenue Transaction Reports and determined whether the:
 - a. Receipt amount per the 2017 and 2016 Detailed Revenue Transaction Reports agreed to the amount recorded to the credit of the customer's account in the Utilities Usage Reports. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utilities Usage Reports 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. The Village's utility software was unable to provide archived balances for account receivable adjustments and accounts receivables as of December 31, 2017 and 2016. Without an accounts receivable system that is able to provide archived accounts receivable reports, the Village is limited in their ability to review past operations. We recommend the Village acquire a system that is able to general archived information.
3. We noted no non-cash receipt adjustments were made by the Village for the years ended December 31, 2017 and 2016.

Debt

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2015. These amounts agreed to the Villages January 1, 2016 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
OPWC: State and Goodrich Streets Improvement	\$48,904
OPWC: Canal Street Improvements	\$42,797
OPWC: County Road 15 Pump Station	\$25,875
OPWC: Sewage Collection Systems Improvements	\$192,129
OWDA: Water Treatment Plant	\$432,241
OWDA: Wastewater Treatment Plant Improvements I	\$608,932
OWDA: Wastewater Treatment Plant Improvements II	\$1,455,755
OWDA: County Road 15 Pump Station	\$561,977

2. We inquired of management and inspected the 2017 and 2016 Detailed Revenue Transaction Reports and Detailed Expenditure Transaction Reports 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, loans, and leases debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to the Permissive Motor Vehicle Fund, Street Levy Fund, Water R & I Fund, and Sewer R & I Fund payments reported in the 2017 and 2016 Detailed Expenditure Transaction Reports. 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 Permissive Motor Vehicle Fund and the Street Levy Fund for the bond and the Sewer R & I Fund for the capital lease per the 2017 Detailed Revenue Transaction Report. The amounts agreed. The Village properly recorded the proceeds in the Permissive Motor Vehicle Fund and the Street Levy Fund as required by Ohio Rev. Code Section 5705.09(E).
5. For new debt issued during 2017, we inspected the debt legislation, which stated the Village must use the proceeds to purchase a truck and a jet truck for the bond and lease issued, respectively. We inspected the 2017 Detailed Expenditure Transaction Report and observed the Village purchased a truck and a jet truck, both in March of 2017.

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 2017 and 2016 YTD Withholding Reports and:
 - a. We compared the hours and pay rate, or salary recorded in the 2017 and 2016 YTD Withholding Reports 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 2017 and 2016 YTD Withholdings Reports. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. 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 22, 2017	\$ 3,994.61	\$ 3,994.61
State income taxes	January 15, 2018	December 27, 2017	\$ 1,645.98	\$ 1,645.98
Village of Newcomerstown income tax	January 30, 2018	December 27, 2017	\$ 1,480.36	\$ 1,480.36
OPERS retirement	January 30, 2018	January 25, 2018	\$ 12,816.11	\$ 12,816.11
OP&F retirement	January 31, 2018	January 26, 2018	\$ 6,154.46	\$ 6,154.46

3. 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 Detail Work Register Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - 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. We haphazardly selected ten disbursements from the 2017 and ten disbursements from the 2016 Detailed Expenditure Transaction Reports for the years ended December 31, 2017 and 2016, respectively, 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 2017 and 2016 Detailed Expenditure Transaction Reports 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 no exceptions.

Mayors Court Transactions

1. We haphazardly selected five 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.

2. From the cash book, we haphazardly selected one month from the year ended December 31, 2017 and one month from the year ended December 31, 2016 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, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. 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 book.

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 MTD/YTD Revenue Period Report for the General, Street Levy, and Water funds for the years ended December 31, 2017 and 2016. The amounts agreed.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Street Levy, and Water 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 Budget Transaction Listing Reports for 2017 and 2016 for the following funds: the General, Street Levy, and Water funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Budget Transaction Listing Reports 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, Street Levy, and Water 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, Street Levy, and Water funds, as recorded in the Expense Budget Transaction Listing Reports. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the YTD Fund Balance Reports 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 records.
8. We inspected the 2017 YTD Fund Report for the Cemetery Expendable Trust Fund. The Village spent \$2,154 from the Cemetery Expendable Trust Fund for care of cemetery grounds. We inspected the Ordinance establishing the perpetual care fund for the proper release of these funds. We also noted the fund balance at December 31, 2017 was \$40,553, which is greater than the \$30,000 fund balance restriction. No exceptions were noted.
9. We inspected the 2017 and 2016 MTD/YTD Revenue Period Reports and Expense Budget Transaction Listing Reports for evidence of interfund transfers exceeding \$2,500 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
10. We inquired of management and inspected the Expense Budget Transaction Listing 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.

We inquired of management and inspected the Expense Budget Transaction Listing Reports to determine whether the Village elected to establish a contingency, not designated for any particular purpose (contingency reserve balance - spending reserve) permitted by Ohio Rev. Code Section 5705.29(A)(1). The Village did not establish these reserves.

11. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 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.

Compliance – Contracts & Expenditures

We inquired of management and inspected the 2017 and 2016 Detailed Expenditure Transaction Reports 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 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 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 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, 2017 and 2016 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer *and* inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) 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 their 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.



Julian & Grube, Inc.
June 27, 2018

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Dave Yost • Auditor of State

VILLAGE OF NEWCOMERSTOWN

TUSCARAWAS 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
AUGUST 7, 2018