



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Russells Point
Logan County
433 SR 708
P.O. Box 30
Russells Point, Ohio 43348

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Russells Point (the Village), 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 Ledger Report 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 Ledger Report to the December 31, 2016 balances in the Fund Ledger 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 Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 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, 2017 bank reconciliation with one exception noted – the December 31, 2017 bank reconciliation reported a balance of \$200,000.00 for the Village's certificate of deposit at Buckeye State Bank; however, the confirmed balance was \$200,261.09. The \$261.09 variance is due to unposted interest from December 2017. The Fiscal Officer should obtain year-end balances from the bank and update bank balances appropriately.

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Cash and Investments (Continued)

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 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 Sections 135.13 or 135.14. We found no exceptions.

Property Taxes and Intergovernmental 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 Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to confirm the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Register Report 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 Logan County Detail Expense Reports from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

We obtained the December 31, 2017 and 2016 Statement of Income and Expenditures reports submitted by the Central Collection Agency (CCA), 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 Receipt Detail Report. The amounts agreed.

Over-The-Counter Cash Receipts

We haphazardly selected ten over-the-counter cash receipts from the year ended December 31, 2017 and 10 over-the-counter cash receipts from the year ended 2016 recorded in the Receipt Register Report and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Receipt Register Report to determine the receipt was posted to the proper fund(s), and was recorded in the proper year. We found one exception. A FEMA grant receipt, in the amount of \$2,923, was posted directly to the General Fund rather than a FEMA fund. **Ohio Rev. Code Section 5705.09** requires establishing separate funds to segregate externally-restricted resources. The Village should record restricted FEMA receipts in a separate FEMA fund and then reimburse/transfer funds to the funds where the expenditures were incurred.

Water and Storm Sewer Operating Funds

1. We haphazardly selected ten Water and Storm Sewer Operating Funds' collection cash receipts from the year ended December 31, 2017 and 10 Water and Storm Sewer Operating Funds' collection cash receipts from the year ended 2016 recorded in the Utility Edit List Report and determined whether the:
 - a. Receipt amount per the Utility Edit List Report agreed to the amount recorded to the credit of the customer's account in the Customer Transaction Summary Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the amount billed to the customer's account in the Utility Billing Edit List 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. We found no exceptions.
 - c. Receipt was posted to the proper fund(s), and was recorded in the year received. We found no exceptions.
2. We observed the Aged Receivables Report.
 - a. This report listed \$55,684 and \$56,870 of accounts receivable as of December 31, 2017 and 2016, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$2,890 and \$1,360 were recorded as more than 90 days delinquent.
3. We observed the Utility Transaction List Report.
 - a. This report listed a total of \$6,884 and \$6,739 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 Board of Public Affairs approved each adjustment.

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 Loans	\$49,699
USDA Mortgage Revenue Bonds	\$955,000
Building Acquisition Bonds - HNB	\$75,250
OWDA Loan # 5439	\$977,503

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances and all debt payment activity during 2017 and 2016 agreed to the summary we used in procedure 3.
3. We obtained a summary of loans and bonded debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt invoices to Mortgage Debt Service and Municipal Building Fund payments reported in the Payment Register Detail Report. We found no exceptions in 2017. In 2016, the invoice from the United States Department of Agriculture indicated the payments of \$47,750 and \$24,800 were due, for interest and principal, respectively; however, the Village recorded the payment in the Uniform Accounting Network (UAN) system as \$47,750 paid for principal and \$24,800 paid for interest. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions in 2016. In 2017, the Ohio Public Works Commission payment was remitted to the Treasurer of State on August 8, 2017; however, the due date on the invoice was July 1, 2017. The Fiscal Officer should review debt agreements and invoices to ensure payments are timely made and posted to the proper accounts.

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 Wage Detail Report and:
 - a. We compared the hours and pay rate recorded in the Wage Detail Report to supporting documentation (time sheet or legislatively-approved rate). 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. 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 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. 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 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:

Payroll Cash Disbursements (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2018	December 26, 2017	\$3,124.12	\$3,124.12
State income taxes	January 15, 2018	December 26, 2017	\$534.26	\$534.26
Village of Russells Point income tax	January 15, 2018	December 26, 2017	\$344.84	\$344.84
OPERS retirement	January 30, 2018	January 9, 2018	\$6,144.69	\$6,144.69
OP&F retirement	January 31, 2018	January 9, 2018	\$3,743.72	\$3,743.72

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 Wage Detail 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. and b. above; however, the Village's payout policy was not followed.

In June 2016, Village employee, Jerrod Bowman, resigned from the Village of Russells Point for other employment. The Village of Russells Point, Ohio Personnel Policy and Procedure Manual Section 5.02G states, "Upon resignation or retirement from employment with the Village, employees with one (1) or more years of service with the Village shall be entitled to compensation at their current rate of pay for earned, but unused, vacation to the employee's credit at the time of separation up to a maximum of 80 hours."

Mr. Bowman's current rate of pay and vacation balance at the time of his resignation was \$15.53 and 113.88 hours, respectively. Upon resignation of his employment, Jerrod Bowman received the following vacation payout:

$$\$15.53 \quad \times \quad 113.88 \quad = \quad \$1,768.56$$

Mr. Bowman should have received the following vacation payout:

$$\$15.53 \quad \times \quad 80 \quad = \quad \$1,242.40$$

Mr. Bowman received an overpayment for his vacation payout, in the amount of \$526.16.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jerrod Bowman, in the amount of \$526, and in favor of the Village of Russells Point Police 3 Mill Fund, in the amount of \$526.

The finding for recovery, in the amount of \$526, was repaid on May 26, 2018 as evidenced by receipts 409-2018 and 410-2018.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register 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 cleared 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 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 and Cash Balances

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2017 and December 31, 2016 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. The balances agreed.
3. We confirmed the December 31, 2017 bank account balance with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balance to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
4. We haphazardly selected five cases from the court's Monthly Receipts Report 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 Monthly Receipts Report, duplicate receipt book, docket, and case file agreed.

5. From the Monthly Receipts Report, we haphazardly selected one month from the year ended December 31, 2017 and one month from the year ended 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 Monthly Receipts Report agreed to the cleared checks and/or bank statement ACH payment information. The check number, date, payee name and amount recorded on the cleared check and/or bank statement ACH payment information agreed to the check number, date, payee name and amount recorded in the Ledger.

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, Street Maintenance, and Water Operating funds for the years ended December 31, 2017 and 2016. The amounts agreed.

Compliance – Budgetary (Continued)

2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Street Maintenance, and Water Operating 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 2017 and 2016 for the following funds: General, Street Maintenance, and Water Operating funds. The amounts on the appropriation measures did not agree to the amounts recorded in the accounting system as follows:

Fund	2016 Appropriations	2016 Appropriation Status Report	2017 Appropriations	2017 Appropriation Status Report
General Fund	\$598,170	\$589,170	\$625,805	\$637,805
Water Operating Fund	\$706,600	\$723,100	\$655,000	\$705,000

The final approved appropriations for the years ended December 31, 2017 and 2016 were approved by the Council subsequent to the end of each fiscal year rather than before year-end. The Fiscal Officer should ensure the final annual appropriations are approved by Council and filed with the County Auditor before the end of each fiscal year.

4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Maintenance, and Water Operating 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 Maintenance, and Water Operating funds, as recorded in the Appropriation Status Report. 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 Receipt Register Report 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. The Village established the Clean Ohio Phase III Fund and Storm Sewer Operating Fund during 2017 and 2016, respectively, to segregate grant monies from the Ohio Public Works Commission and storm sewer receipts and disbursements, in compliance with Section 5705.09. See Over-The-Counter Cash Receipts section for non-compliance previously issued.
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. The Village previously established the Main Street Fund to segregate tax assessment monies collected to repair sidewalks/roads within the Village; however, this fund had no activity in 2017 or 2016. At December 31, 2017, the fund had an ending cash fund balance of \$12,827.02. The Village should research the requirements of this fund to determine if there are other allowable disbursements and/or consult with their legal counsel to see if the cash fund balance can be transferred to another fund.

Compliance – Budgetary (Continued)

8. We inspected the 2017 and 2016 Interfund Transfer Listing Reports for evidence of interfund transfers exceeding \$20,000 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 Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village had previously established a capital projects reserve fund, which receives quarterly transfers from the General Fund to set aside monies for purchasing large acquisitions. Ohio Rev. Code Section 5705.13(C) specifies the requirements of a capital projects reserve fund. No exceptions were noted.
10. 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(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 Payment Register Detail Report 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 refiling 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 training required by Ohio Rev. Code Sections 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2018

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VILLAGE OF RUSSELLS POINT

LOGAN 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 17, 2018