

VILLAGE OF SUGARCREEK

TUSCARAWAS COUNTY

Agreed-Upon Procedures

For the Years Ended December 31, 2017 and 2016





Dave Yost • Auditor of State

Village Council
Village of Sugarcreek
410 South Broadway
Sugarcreek, Ohio 44681

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Sugarcreek, Tuscarawas County, prepared by Charles E. Harris & Associates, 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 Sugarcreek is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 20, 2018

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*Village of Sugarcreek
Tuscarawas County
For the Years Ended December 31, 2017 and 2016*

Table of Contents

Title	Page
Independent Accountant's Report on Applying Agreed-Upon Procedures	1

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Sugarcreek
Tuscarawas County
410 South Broadway
Sugarcreek, Ohio 44681

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor, the management of the Village of Sugarcreek (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

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 prior year audited statements. 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 Cash Balance Report. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the observed 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 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 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 Revenue Detail Report. The amounts agreed.
 - b. We inspected the Revenue Detail Report to confirm whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Detail Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Revenue Detail 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 County Auditor's Cross Reference Report by Vendor Number from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Detail Report. The amounts agreed.
 - b. We inspected the Revenue Detail Report to determine whether that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Revenue Detail Report 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 Total Distributions 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 Revenue Detail Report. The amounts agreed.
2. We compared the allocation of income tax receipts for the years ended December 31, 2017 and December 31, 2016 to the Village's funds according to the allocation requirements of Ordinance No. 13-2073. The allocation agreed with the percentages the Ordinance requires.

Water and Sanitary Sewer Funds

1. We haphazardly selected ten Water and Sanitary Sewer Fund collection cash receipts from the year ended December 31, 2017 and ten Water and Sanitary Sewer Fund collection cash receipts from the year ended December 31, 2016 recorded in the Revenue Detail Report and determined whether the:
 - a. Receipt amount per the Revenue Detail Report 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 billings. We found no exceptions.
 - c. Receipt was posted to the proper funds and was recorded in the year received. We found no exceptions.
2. We observed the Customer Balance Report.
 - a. This report listed \$1,469 and \$2,927 of accounts receivable as of December 31, 2017 and 2016, respectively.
 - b. Of the total receivables reported in the preceding step, \$516 and \$635 were recorded as more than 90 days delinquent.
 3. We observed the Daily Cash Receipts Report.
 - a. This report listed a total of \$2,064 and \$3,140 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 Administrator approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following bonds, leases, notes and loans were outstanding as of December 31, 2015. These amounts did not agree to the Village's January 1, 2016 balances on the summary we used in step 3 because the Village's schedule includes principal and interest amounts outstanding in its summary and does not separate them individually.

Issue	Principal outstanding as of December 31, 2015:
OPWC #CT37D	\$144,207
OPWC #CN12K	82,550
OWDA #2524	337,553
OWDA #3461	108,452
OWDA #5124	187,284
Huntington GO Bond \$665,000	215,000
Huntington GO Bond \$220,000	40,000
Huntington GO Bond \$330,000	260,000
Baltic Loan	76,848
US Bank Note \$93,214	62,847
US Bank Note \$18,462	6,216
US Bank Note \$28,235	3,000

2. We inquired of management and inspected the Revenue Detail Report and Expense Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. The debt proceeds agreed to the summary we used in step 3 but the payments made during 2017 and 2016 did not agree to the summary we used in step 3.

3. We obtained a summary of leases, bonds, loans and notes debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to principal and interest payments reported in the Expense Detail Report. The payments did not agree to the amortization schedules. We also compared the date the debt service payments were due to the date the Village made the payments. All payments were made in a timely manner.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Water Fund per the Revenue Detail Report. The amounts agreed.
5. For new debt issued during 2017, we inspected the debt legislation, which stated the Village must use the proceeds in accordance with the agreement with the Ohio Public Works Commission (OPWC) to complete the Miller Ave Booster Pump Station and Waterline Replacement Project. We inspected the Expense Detail Report and observed the Village properly recorded the payments made by OPWC to the vendor for the projects.

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 Payroll Distribution Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Distribution Report to supporting documentation (timecard, legislatively-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the 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. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we compared the employees' personnel files in the Payroll Register consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

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

3. We 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	January 4, 2018	\$6,146.58	\$6,146.58
State income taxes	January 15, 2018	January 3, 2018	\$868	\$868
Village of Sugarcreek income tax	January 31, 2018	December 19, 2017	\$1,176.35	\$1,176.35
OPERS retirement	January 30, 2018	January 4, 2018	\$16,015.67	\$16,015.67
OP&F retirement	January 31, 2018	December 18, 2017	\$8,684.48	\$8,684.48

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Expense Detail Report for the year ended December 31, 2017 and ten from the year ended December 31, 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 Expense 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 Clerk Treasurer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found four instances where the certification date was after the vendor invoice date, and there was 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. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources to the amounts recorded in the Revenue Statement Report for the General, Street 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 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 Statement Report for 2017 and 2016 for the following funds: General, Street and Water. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Statement Report except for the General Fund. The Expense Statement Report recorded budgeted appropriations for the General Fund of \$2,338,615 for 2017. However, the total approved appropriations (permanent and supplemental) reflected \$2,265,615. The Clerk Treasurer should periodically compare amounts recorded in the Expense Statement Report to amounts recorded on the approved appropriation measures to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and to monitor spending.
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 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 and Water fund, as recorded in the Expense Detail 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 Revenue Detail 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. 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, inspect 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 and 2016 Revenue Statement Reports and Expense Statement Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 -.16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
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 Statement – By Account for the years ended December 31, 2017 and 2016 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (1) 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 Expense 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. The Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, to 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 2016-2017 agreed upon 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 the 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 Clerk Treasurer and inspected the Fiscal Integrity Act Portal to determine whether the Clerk Treasurer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Clerk Treasurer 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 *Government Auditing Standards* issued by the Comptroller General of the United States. 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.



Charles E. Harris & Associates, Inc.
May 15, 2018

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Dave Yost • Auditor of State

VILLAGE OF SUGARCREEK

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
JULY 3, 2018