

VILLAGE OF THURSTON

FAIRFIELD COUNTY

**JANUARY 1, 2014 TO DECEMBER 31, 2015
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Village Council
Village of Thurston
2215 Main Street
Thurston, Ohio 43157

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Thurston, Fairfield County, prepared by Julian & Grube, Inc., for the period January 1, 2014 through December 31, 2015. 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 Thurston is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

June 8, 2016

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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 Thurston
Fairfield County
2215 Main Street
Thurston, Ohio 43157

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Thurston, Fairfield County, Ohio (the "Village") and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. 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*. 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 tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 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, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 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. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. The amounts agreed.
 - b. We determined 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Revenue Ledger Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the County Vendor Reports from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2015 and 2014 Monthly Distribution 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 Ledger Report. The amounts agreed.

Water Operating Fund

1. We haphazardly selected 10 Water Operating Fund's collection cash receipts from the year ended December 31, 2015 and 10 Water Operating Fund's collection cash receipts from the year ended 2014 recorded in the Revenue Ledger Report and determined whether the:
 - a. Receipt amount per the Revenue Ledger Report agreed to the amount recorded to the credit of the customer's account in the Aged Trial Balance Summary Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Aged Trial Balance Summary 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 fund, and was recorded in the year received. We found no exceptions.
2. We read the Aged Trial Balance Summary Report.
 - a. We noted this report listed \$27,507 and \$17,281 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. Of the total receivables reported in the preceding step, \$7,123 and \$3,486 were recorded as more than 90 days delinquent.
3. We read the Billing Journal Report.
 - a. We noted this report listed a total of \$7,862 and \$2,750 non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
 - b. We selected five non-cash adjustments from 2015 and five non-cash adjustments from 2014, and noted that the Mayor approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following notes outstanding as of December 31, 2013. These amounts did not agree to the Villages January 1, 2014 balances. There was no summary completed in 2014, and the 2015 summary had multiple discrepancies.

Issue	Principal outstanding as of December 31, 2013:
2012 OWDA note for Millersport-Thurston Waterline Design (Planning)	\$108,993
2012 OWDA note for WTP and Well Field Design (Planning)	\$149,123
2013 OWDA note for New Well Field and WTP Property (Planning)	\$164,248
2013 OWDA note for Potable Water Well Field	\$22,108

2. We inquired of management, and scanned the Revenue Ledger Report and Payment Register Detail Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt payment activity during 2015 and 2014 agreed to OWDA ledgers except for in 2014, the planning loans were repaid with a construction loan. This activity, in the amount of \$422,364, was excluded from the Village's ledgers. Furthermore, it was noted that the capitalized interest on the planning loans, in the amount of \$3,543, was excluded from the Village's ledgers.
3. We did not obtain a summary of the debt activity for 2015 and 2014 from the Village. However, we agreed principal and interest payments from the OWDA related debt amortization schedules to the Water Operating Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. Except as noted in #2 above, we found no exceptions.
4. We were unable to agree the amount of debt proceeds from the debt documents to amounts recorded in the Water Operating fund per the Receipt Register Report. As noted in #2 above, activity in the amount of \$422,364, used to repay the principal outstanding, and \$3,543, used to repay capitalized interest was excluded from the Village's ledgers during 2014.
5. For new debt issued during 2015 and 2014, we inspected the debt legislation, noting the Village must use the proceeds to retire the outstanding principal balances on the planning loans noted above and for the construction of the projects detailed in the planning loans noted above. We scanned the Payment Register Detail Report and noted the Village did not record the retirement of the planning loans and related portion of the issuance of the construction loan as noted in #2 above. However, all other related debt proceeds were properly recorded.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Payroll Posting Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Batch Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the checks was posted were reasonable based on the employees' duties as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether 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 2015. We noted 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, 2016	December 30, 2015	\$967	\$967
State income taxes	January 15, 2016	December 30, 2015	\$90	\$90
Village of Thurston income tax	January 15, 2016	December 30, 2015	\$72	\$72
Local School District Income Tax	January 15, 2016	December 30, 2015	\$84	\$84
OPERS retirement	January 30, 2016	December 30, 2015	\$296	\$296

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2015 and ten from the year ended 2014 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found 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.

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, and Water Operating funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$74,000 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$75,714. 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 scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Street 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 2015 and 2014 for the following funds: General, Street, and Water Operating. The amounts on the appropriation resolutions agreed to the amounts in the Appropriation Status report for 2014. For 2015, the Appropriation Status report was greater than the appropriation resolutions, in the amount of \$5,000, \$800, and \$30,900 in the General, Street and Water Operating funds, respectively.
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 Operating funds for the years ended December 31, 2015 and 2014. We noted 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, 2015 and 2014 for the General, Street, and Water Operating funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2015 and 2014 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$0 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 for negative cash fund balance. 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 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 formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

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

This report is intended solely for the information and use of management, those charged with governance the Auditor of State, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

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Julian & Grube, Inc.
May 27, 2016



Dave Yost • Auditor of State

VILLAGE OF THURSTON

FAIRFIELD 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
JUNE 21, 2016