



VILLAGE OF ZALESKI, VINTON COUNTY

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

**For the Years Ended
December 31, 2010 and 2009**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Members of Council
Village of Zaleski
PO Box 176
Zaleski, Ohio 45698-0176

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Zaleski, Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the period January 1, 2009 through December 31, 2010. 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 Zaleski is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 15, 2011

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Zaleski
Vinton County
PO Box 176
Zaleski, Ohio 45698

We have performed the procedures enumerated below, with which the Village Council and Mayor, the management of Village of Zaleski, Vinton 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, 2010 and 2009, including utility receipts, disbursements and balances, 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, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Village Fund Report to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Trial Balances. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 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.

6. We tested investments held at December 31, 2010 and December 31, 2009 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 selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2010 and one from 2009:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipts Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Two real estate tax receipts

We noted the Revenue Report included the proper number of tax settlement receipts for each year.

3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2010 and five from 2009. We also selected five receipts from the County Auditor's Check History Report from 2010 and five from 2009.
 - a. We compared the amounts from the DTL and the Check History Report to the amount recorded in the Receipts Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Water Fund

1. We haphazardly selected 10 Water Fund collection cash receipts from the year ended December 31, 2010 and 10 collection cash receipts from the year ended 2009 recorded in the Revenue Report and determined whether the:
 - a. Receipt amount per the Revenue Report agreed to the amount recorded to the credit of the customer's account in the Cash Receipts/Write-Off Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Cash Receipts/Write-Off Journal 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 Cash Receipts/Write-Off Journal.
 - a. We noted this report listed \$551 and \$475 of accounts receivable as of December 31, 2010 and 2009, respectively.
 - b. Of the total receivables reported in the preceding step, none were recorded as more than 90 days delinquent.
3. We read the Billing Journal.
 - a. We noted this report listed a total of \$124 and \$639 non-cash receipts adjustments for the years ended December 31, 2010 and 2009, respectively.
 - b. We selected five non-cash adjustments from 2010 and five non-cash adjustments from 2009. However, we were unable to obtain verification that the President of the Board of Public Affairs approved each adjustment.

Debt

1. From the prior audit, we noted the following bonds outstanding as of December 31, 2008. These amounts agreed to the Village's January 1, 2009 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2008
Rural Development Bonds	\$68,200

2. We inquired of management, and scanned the Revenue Report and Expense Report for evidence of bonded or note debt issued during 2010 and 2009 or debt payment activity during 2010 or 2009. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to Water Fund payments reported in the Expense 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 Water Fund per the Revenue Report. The amounts agreed.
5. For new debt issued during 2010 and 2009, we inspected the debt legislation, noting the Village must use the proceeds for sewer construction. We scanned the Expense Report and noted the Village expensed the funds received from the OWDA Loan for sewer-related construction projects. The unspent balance as of December 31, 2010 is \$17,930.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the minute record or 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, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2010. We noted the following:

Withholding plus employer's share, where applicable	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes & Medicare	January 31, 2011	December 31, 2010	\$119.72	\$119.72
State income taxes	January 15, 2011	December 31, 2010	59.91	59.91
OPERS retirement (withholding plus employee share)	January 30, 2011	December 31, 2010	325.80	325.80

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Expense Report for the year ended December 31, 2010 and ten from the year ended 2009 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 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 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, Fire Levy and Highway Funds for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Fire Levy and Highway 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 Section 5705.38 and 5705.40, to the amounts recorded in the Expense Report for 2010 and 2009 for the following funds: General, Street Repair, and Park Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Report.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Repair, and Park Funds for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 for the General, Street Repair, and Park Funds, as recorded in the Expense 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 Revenue Report for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. 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 2010 and 2009 Revenue Reports and Expense Reports for evidence of interfund transfers exceeding \$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 and Court of Common Pleas.
8. We inquired of management and scanned the Expense 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.

Compliance-Contracts & Expenditures

1. We inquired of management and scanned the Expense Report for the years ended December 31, 2010 and 2009 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified no purchases subject to the aforementioned bidding requirements.

2. We inquired of management and scanned the Expense Report for the years ended December 31, 2010 and 2009 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 Section 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.

Officials' Response-

Regarding the lack of approval for non-cash adjustments of utility accounts, the Village plans to provide the Board of Public Affairs with any non-cash adjustments for approval at their future meetings.

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.

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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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

July 11, 2011

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Dave Yost • Auditor of State

VILLAGE OF ZALESKI

VINTON 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
SEPTEMBER 27, 2011