



Dave Yost • Auditor of State

VILLAGE OF BEALLSVILLE
MONROE COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Beallsville
Monroe County
43057 Ohio Avenue, P.O. Box E
Beallsville, Ohio 43716

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Beallsville, Monroe County, Ohio (the Village), 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, 2011 and 2010, 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to provide attest services to the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the December 31, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Status Report to the December 31, 2009 balances to the documentation in the prior year Agreed-Upon procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 fund cash balances reported in the Fund Status Reports. The amounts agreed.

Cash (Continued)

4. We confirmed the December 31, 2011 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, 2011 bank reconciliation with one exception. The savings account balance of \$17,011.68 did not agree with bank confirmation balance of \$17,174.55 by a difference of \$162.87. We recommend the Village Clerk/Treasurer contact their financial institution to determine the reason for the difference and make the necessary adjustments to the Village's ledgers.
5. We selected five outstanding checks haphazardly from the December 31, 2011 bank reconciliation:
 - a. We traced each outstanding check to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
6. We selected all four deposits in transit from the December 31, 2011 bank reconciliation:
 - a. We traced each deposit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the deposit amounts to the Receipts Register. Each deposit was recorded as a December receipt for the same amount recorded in the reconciliation.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2011 and one from 2010:
 - 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 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2011 and 2010. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected five receipts from the County Auditor's Appropriation History Report from 2011 and five from 2010.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register 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.

Sewer Operating Fund

1. We haphazardly selected 10 Sewer Fund collection cash receipts from the year ended December 31, 2011 and 10 Sewer Fund collection cash receipts from the year ended 2010 recorded in the Receipts This Month Report and determined whether the:
 - a. Receipt amount per the Receipt This Month Reports agreed to the amount recorded to the credit of the customer's account in the Daily Receipt Register. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Register for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period plus 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 System Totals Report.
 - a. We noted this report listed \$28,006 and \$7,890 accounts receivable as of December 31, 2011 and 2010, respectively.
 - b. Of the total receivables reported in the preceding step, \$19,952 and \$4,578 were recorded as more than 60 days delinquent.

3. We read the Adjustment Report.
 - a. We noted this report listed a total of \$2,227 and \$14,286 non-cash receipts adjustments for the years ended December 31, 2011 and 2010, respectively.
 - b. We selected all two non-cash adjustments from 2011 and five non-cash adjustments from 2010, and noted the Village Council did not approve any of the adjustments selected. We recommend the non-cash adjustments be reviewed periodically by the Village Council and approval should be documented in the Village Council minutes.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following loans and lease outstanding as of December 31, 2009. These amounts agreed to the Villages January 1, 2010 balances on the summary we used in step 3.

Issue	Principal Outstanding as of December 31, 2009:
Ohio Public Works Commission (OPWC) Loan	\$7,788
Ohio Water Development Authority (OWDA) Loan	87,915
Kubota Credit Corporation Lease	1,607

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3.

Debt (Continued)

3. We obtained a summary of loan and lease debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to the Street Construction, Maintenance and Repair and Sewer Operating Funds' 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. We found an exception. Late fees were assessed due to the Village not making debt payments on time in the amount of \$300 in 2011 and \$100 in 2010. We recommend the Village make timely debt payments.
4. We agreed the amount of debt proceeds from the debt documents to the amounts recorded in the Street Construction Maintenance and Repair Fund per the Receipt Register Report. The debt proceeds were not recorded to the accounting system. The Village entered into a commercial promissory note dated November 8, 2010 in the amount of \$39,600 to purchase a dump truck which was not recorded to the Receipt Register Report as the financial institution paid the vendor directly for the dump truck on-behalf of the Village.
5. For new debt issued during 2010, we inspected the debt legislation, noting the Village must use the proceeds to purchase a dump truck. We scanned the Payment Register Detail Report and noted the Village did not record the use of the commercial promissory note proceeds for the purchase of the dump truck as a capital outlay expenditure to the Street Construction, Maintenance and Repair Fund as the financial institution paid the vendor directly on-behalf of the Village for the dump truck. (See Step #4 above)

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to timecards and/or legislatively-approved rate or salary. We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the minutes. 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, 2011 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 2011. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	1/31/2012	N/A	\$1,762.44	\$0.00
State income taxes	1/15/2012	N/A	582.05	0.00
OPERS retirement	1/30/2012	N/A	663.61	0.00

Payroll Cash Disbursements (Continued)

As noted above, as of the date of this report, the Village has not paid the U.S. Treasury the Federal income tax and Medicare amount due as required by 26 C.F.R. Sections 31.3402 and 31.3403 and 26 U.S.C. Sections 3101 and 3102; the Village has not paid the State of Ohio Treasurer the State income tax amount due as required by Ohio Rev. Code Sections 5747.06 and 5747.07; and the Village has not paid OPERS the amount due as required by Ohio Rev. Code Sections 145.47 and 145.48 by the required January 2012 due dates. The Auditor of State will notify the Internal Revenue Service, Ohio Department of Taxation, and OPERS of these matters. The Village Clerk/Treasurer did record memo warrants for the 2011 final quarterly payments owed; however, no warrants were issued for these payments.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended 2010 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions; however, we did note a penalty of \$800 assessed against the Village due to the Village Clerk/Treasurer not remitting 2010 quarterly Federal income tax and Medicare until May 31, 2011. We recommend the Village Clerk/Treasurer remit quarterly Federal income tax and Medicare when due so as not to incur penalties.
- 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 three exceptions where there were no supporting invoices and one exception where there was a handwritten invoice for reimbursement. Because we did not test all disbursements, our report provides no assurance whether or not additional similar errors occurred.
- 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 six instances where the certification date was after the vendor invoice date, and there was also 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 test 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 *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction, Maintenance and Repair and Sewer Operating Funds' for the years ended December 31, 2011 and 2010. The amounts agreed.
2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Street Construction, Maintenance and Repair and Sewer 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.

Compliance – Budgetary (Continued)

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 2011 and 2010 for the following funds: General, Street Construction, Maintenance and Repair and Sewer Operating Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status 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 Construction, Maintenance and Repair and Sewer Operating Funds' for the years ended December 31, 2011 and 2010. We noted the Street Construction, Maintenance and Repair Fund appropriations for 2011 exceeded certified resources by \$16, contrary to Ohio Rev. Code Section 5705.39. The Village Council should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Village to incur fund balance deficits.
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, 2011 and 2010 for the General, Street Construction, Maintenance and Repair and Sewer 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, 2011 and 2010. 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 2011 and 2010 Revenue Status Reports and Appropriation Status Reports for evidence of inter-fund transfers 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.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2011 and 2010 for material or labor procurements which exceeded \$25,000 (\$50,000 effective September 29, 2011), and therefore required competitive bidding under Ohio Rev. Code Section 731.14. We identified no purchases subject to the aforementioned bidding requirements.

Compliance – Contracts & Expenditures (Continued)

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2011 and 2010 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.

Officials' Response: We did not receive a response from Officials to the exceptions reported above.

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 and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

July 18, 2012

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VILLAGE OF BEALLSVILLE

MONROE 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, 2012