



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF BEAVER
PIKE COUNTY

AGREED UPON PROCEDURES

For the Years Ended December 31, 2011 and 2010



Dave Yost • Auditor of State

Village Council
Village of Beaver
P.O. Box 238
Beaver, Ohio 45613

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Beaver, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the period January 1, 2010 through December 31, 2011. 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 Beaver is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

May 29, 2012

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Village of Beaver
Table of Contents
For the Years Ended December 31, 2011 and 2010

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



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Beaver
Pike County
PO Box 238
Beaver, Ohio 45613

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Beaver (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, 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.

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 Ledger Report to the December 31, 2009 balances in 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.
4. We confirmed the December 31, 2011 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, 2011 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliation:

- a. We traced each debit to the subsequent January bank statement. We noted that warrant numbers issued on December 28, 2011 did not coincide with the check numbers. It appears that the checks were out of order when printed that day, and therefore the issued check numbers do not agree to the UAN system warrant number. We reviewed all of the checks written on December 28, 2011 and noted that all checks cleared the bank and were issued to the correct vendor for the correct amount.
- 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 2011 and one from 2010:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report for 2011 and the Receipt Register Report for 2010. 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 Receipt Detail Report for 2011 and the Receipt Register Report for 2010 to determine whether it included two real estate tax receipts for 2011 and 2010. We noted the Receipt Detail Report for 2011 and the Receipt Register Report for 2010 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 Detail Report for 2011 and the Receipt Register Report for 2010. 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.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2011 and 10 over-the-counter cash receipts from the year ended 2010 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Detail Report for 2011 and the Receipt Register Report for 2010. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions

Water Operating Fund and Sewer Operating Fund

The Village provides water and sewer utilities to its customers. The Village does not have an accounts receivable system. Without accounts receivable information, the Village lacks reliable information on overdue amounts, systems-derived documentation on noncash adjustments and approval of noncash adjustments, and information upon which to judge whether the District should write off or follow up on uncollectible amounts. We recommend the Village acquire an accounts receivable and billing system.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following loans 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 Loan	257,112
WSOS Community Action Commission Loan	8,485
Ohio Water Development Authority Loan	45,891
USDA Rural Development Loan	574,700
Ohio Valley Bank Loan	1,638
Ohio Public Works Commission Loan	103,829
WSOS Community Action Commission Loan	30,639
Water System Improvements Loan	36,637
Sewer Plant Improvements Loan	77,720
OWDA 2008 Loan	55,880

2. We inquired of management, and scanned the Receipt Detail Report for 2011 and the Receipt Register Report for 2010 and Warrant Register Detail for 2011 and the Charge Register for 2010 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. We noted no new debt issuances during 2011 or 2010.
3. We obtained a summary of loan debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to the water operating fund and sewer operating fund payments reported in the Warrant Register Detail for 2011 and the Charge Register for 2010. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

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 Warrant Register Detail for 2011 and the Charge Register for 2010 and:
 - a. We compared the hours and pay rate, or salary recorded in the Warrant Register Detail for 2011 and the Charge Register for 2010 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 check was posted were reasonable based on the employees' duties as documented in the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees personnel file and minute record was 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

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

3. 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	January 31, 2012	1/9/2012	\$788.98	\$788.98
State income taxes	January 15, 2012	1/6/2012	\$300.00	\$300.00
OPERS retirement	January 30, 2012	1/26/2012	\$907.20	\$907.20

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Warrant Register Detail for the year ended December 31, 2011 and ten from the Charge Register for year ended December 31, 2010 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 Warrant Register Detail for 2011 and the Charge Register for 2010 and to the names and amounts on the supporting invoices. We noted that check number 21200 was recorded in the UAN as warrant number 21204. This error was a result of the checks being out of order during the printing of checks on December 28, 2011. No other exceptions noted.
 - 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 and Revenue Summary Report for the General, Fire and Cemetery funds for the years ended December 31, 2011 and 2010. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General, Fire and Cemetery Funds in 2011 and the General and Cemetery Funds in 2010. The Revenue Summary Report recorded budgeted (i.e. certified) resources for the General, Fire, and Cemetery funds of \$71,360, \$26,250, and \$7,500, respectively for 2011. However, the *Amended Official Certificate of Estimated Resources* reflected \$80,760, \$29,220, and \$6,480, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Cemetery funds of \$82,460 and \$7,200, respectively for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$63,537 and \$6,480, respectively. 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 2011 and 2010 to determine whether, for the General, Cemetery and Fire 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 2011 and 2010 for the following funds: General, Fire and Cemetery 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, Fire and Cemetery funds for the years ended December 31, 2011 and 2010. We noted that Cemetery Fund appropriations for 2011 exceeded certified resources by \$620, and General Fund appropriations for 2010 exceeded certified resources by \$2,584, contrary to Ohio Rev. Code Section 5705.39. The 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, Fire and Cemetery funds, as recorded in the Appropriation Status Report. We found no exceptions.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Ledger 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 Transfers Reports for evidence of interfund transfers exceeding \$1,000 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.
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 Warrant Register Detail for the year ended December 31, 2011 and the Charge Register for the year ended December 31, 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 a water tower painting project, an automated filter backwash system project, and a street maintenance project exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For these projects, we noted that the Council advertised the project in a local newspaper, and selected the lowest responsible bidder.
2. We inquired of management and scanned the Warrant Register Detail for the year ended December 31, 2011 and the Charge Register for the year ended December 31, 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 – The Village will take due care to ensure that all budgetary information is properly posted to the accounting system, and will monitor budgeted expenditures and resources more closely to ensure no overspending or over appropriating occurs.

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.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer CPAs, Inc.
April 27, 2012



Dave Yost • Auditor of State

VILLAGE OF BEAVER

PIKE 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 12, 2012