



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Deersville
Harrison County
P.O. Box 34
Deersville, Ohio 44693

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Deersville (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, 2010 and 2009, 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 and Investments

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 Cash Journal to the December 31, 2008 balances in the prior year audited statements. We found the amounts in total agreed, however, the amounts by fund type did not agree. The variances in beginning fund balances in the cash journal were: the General Fund was overstated by \$675, the Special Revenue Funds were overstated by \$183 and the Enterprise Funds were understated by \$858. The amounts of the variances were immaterial to the beginning balance of each fund type, therefore, findings for adjustment were not proposed.
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 Cash Journal. The amounts agreed in total.
4. We confirmed the December 31, 2010 bank account balances with the Village's financial institutions. 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 tested interbank account transfers occurring in December of 2009 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

Cash and Investments – (Continued)

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 Ledger. 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 Ledger 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 Receipt Ledger 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.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Ledger. 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.
4. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) during 2009 and 2010 on behalf of the Village for the roadway surfacing and drainage project. We noted that proceeds of a note issued by the Ohio Public Works Commission, in the amount of \$22,672, were not recorded in the receipt ledger. The off-setting expenditures, in the amount of \$22,672, for the roadway surfacing and drainage project were not recorded in the appropriation ledger.

The Clerk/Treasurer should review Auditor of State Bulletins 2002-004 and 2000-008, which provide guidance on accounting for on-behalf-of programs when a local government or its residents are beneficiaries of the program.

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 Billing Ledger and determined whether the:
 - a. Receipt amount per the Billing Ledger agreed to the amount recorded to the credit of the customer's account in the Customer Account Report. The amounts agreed.
 - b. Amount charged for the related billing period complied with rates in force during the audit period. We found no exceptions.
 - c. Amount charged was posted as a receivable in the Water Bills Worksheet Report for the billing period.
 - d. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.
2. We read the Water Bill Worksheet Report:
 - a. We noted this report listed \$585 and \$170 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.

Debt

1. The prior audit report disclosed no debt outstanding as of December 31, 2008.
2. We inquired of management, and scanned the Receipt Ledger and Appropriation Ledger for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. A debt issued by Ohio Public Works Commission (OPWC) for \$22,672 was not recorded in the Receipt Ledger and was not included in the summary of note debt issued in Step #3.
3. We obtained a summary of note debt activity for 2010 and agreed the principal payment from the related debt amortization schedule to Street Construction, Maintenance and Repair Fund payment reported in the Appropriation Ledger. We also compared the date the debt service payment was due to the date the Village made the payment. We found no exceptions.
4. We inspected the debt documents and determined that the proceeds from the OPWC debt issue were not posted to the Village Receipt ledger in 2009.
5. For new debt issued during 2009, we inspected the debt legislation, noting the Village must use the proceeds for the roadway surfacing and drainage project. We scanned the Appropriation Ledger and noted that the disbursements for the project were paid by Ohio Public Works Commission on the Village's behalf and were not posted on the Village's Appropriation Ledger, however, this money was used by the Ohio Public Works Commission for the roadway surfacing and drainage project.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for four employees from 2010 and one payroll check for four employees from 2009 from the Payroll Ledger and determined whether the following information in the employees' personnel files 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

Payroll Cash Disbursements – (Continued)

- c. Department(s) and fund(s) to which the check should be charged.
- d. Retirement system participation and payroll withholding.
- e. Federal, State & Local income tax withholding authorization and withholding. Any other deduction authorizations (deferred compensation, etc.)

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

- 2. We tested the checks we selected in step 1, as follows:

- a. We compared the hours and pay rate, or salary amount used in computing gross pay 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 employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

- 3. 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 during the final withholding period during 2010. We noted the following:

| Withholding | Date Due | Date Paid | Amount Withheld | Amount Paid |
|--|------------------|------------------|------------------------|--------------------|
| Federal income taxes | January 31, 2011 | January 1, 2011 | \$259 | \$259 |
| State income taxes | January 15, 2011 | January 1, 2011 | \$79 | \$79 |
| OPERS retirement (withholding plus employee share) | January 30, 2011 | January 4, 2011 | \$240 | \$240 |

Non-Payroll Cash Disbursements

- 1. We haphazardly selected ten disbursements from the Cash Journal 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 Cash Journal 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 & Now* certificate, as required by Ohio Revised Code Section 5705.41(D), with the exception of three disbursements, for which the certification date was after the vendor invoice date. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

Compliance – Budgetary

1. We compared the total from the *Amended 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 Receipt Ledger for the General, Street Maintenance and Water funds for the years ended December 31, 2010 and 2009. The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the General and Street Construction, Maintenance and Repair Fund in 2009. The Receipt Ledger recorded budgeted (i.e. certified) resources for the General fund of \$15,765 and for the Street Maintenance Fund of \$3,200 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$32,930 for the General Fund and \$10,558 for the Street Construction, Maintenance and Repair for 2009.

If the amounts do not agree, the Council may be using accurate information for budgeting and to monitor spending.

2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Street Maintenance 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). The Village adopted appropriation amounts for each fund in total.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2010 and 2009 for the following funds: General, Street Maintenance, and Water. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
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 Maintenance and Water 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 Maintenance and Water funds, as recorded in the Appropriation Ledger. We noted that the Street Construction, Maintenance and Repair Fund expenditures for 2009 exceeded total appropriations by \$2,434, contrary to Ohio Rev. Code Section 5705.41(B). The Clerk/Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk/Treasurer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Ledger 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 the Village received Ohio Public Works Commission funds for the roadway surfacing and drainage project. However, the Village did not establish a separate fund for this project as required by Ohio Rev. Code Section 5705.09.
7. We scanned the 2010 and 2009 Receipt Ledger and Appropriation Ledger for evidence of interfund transfers exceeding \$100.00 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.

Compliance – Budgetary – (Continued)

8. We inquired of management and scanned the Appropriation Ledger 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 Cash Journal 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 a street resurfacing and drainage project exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For this project, 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 Cash Journal for the years ended December 31, 2010 and 2009 to determine if the Village had road construction projects exceeding \$30,000 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.

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 and 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

April 15, 2011



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VILLAGE OF DEERSVILLE

HARRISON 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 7, 2011