

**VILLAGE OF APPLE CREEK**

WAYNE COUNTY

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2009  
AND DECEMBER 31, 2008

Varney, Fink & Associates, Inc.  
Certified Public Accountants



**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

To the Village Council  
Village of Apple Creek  
PO Box 208  
Apple Creek, OH 44326-0001

We have performed the procedures enumerated below, with which the Village Council, Mayor, and the management of the Village of Apple Creek, Wayne County (the Village) have agreed, solely to assist Council and the Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2009 and 2008, 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.

**Cash and Investments**

1. We tested the mathematical accuracy of the December 31, 2009 and the December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Fund Cash Balance Statement to the December 31, 2007 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, 2009 and December 31, 2008 fund cash balances reported in the Fund Cash Balance Statement. The amounts agreed.
4. We confirmed the December 31, 2009 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, 2009 bank reconciliation without exception.

**Cash and Investments (continued)**

5. We selected five outstanding checks hapazardly from the December 31, 2009 bank reconciliation and:
  - a. Traced each check to the debit appearing in the subsequent January and February bank statements. We noted several outstanding checks from the December 31, 2009 bank reconciliation were greater than one year old with some dating as far back as December 31, 2005.
  - b. Traced the amounts and date written to the Check Register Report, to determine the checks were dated prior to December 31. We noted no exceptions.

We recommend the Village develop a written policy regarding writing off of old or stale checks following the guidance provided for in Auditor of State Management Advisory Services Bulletin 91-11. This bulletin indicates that pursuant to Ohio Revised Code Section 9.39, unclaimed money shall be deposited to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General Fund. The Village should also consider placing an ad in a local newspaper listing the names of individuals with outstanding checks in an effort to clear up these items.

Officials' Response:

We will pass a resolution regarding to old checks.

6. We reviewed the December 31, 2009 bank reconciliation for deposits in transit. We found no deposits in transit.
7. We reviewed the Finding identified in the prior audit report as due from one fund, payable to another fund, to insure it was properly posted to the Fund Cash Balance Statement. The finding was properly posted to the Fund Cash Balance Statement.
8. We reviewed the December 2009 and 2008 bank statements to determine if interbank account transfers occurred. We found no interbank account transfers.

**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 2009 and one from 2008:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Statement. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Revised Code Sections 5705.05, 5705.06 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.

**Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (continued)**

2. We scanned the Revenue Statement to determine whether it included the proper number of tax receipts for 2009 and 2008:
  - a. Two personal property tax receipts
  - b. Two real estate tax receipts

We noted the Revenue Statement included the proper number of tax settlement receipts for each year. We noted eight receipts in 2008 and five in 2009, for tangible personal property tax receipts. Due to the phase out of the tangible personal property tax, the Village received various tangible personal property receipts as the tax was being phased out.

3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2009 and five from 2008.
  - a. We compared the amount from the DTL to the amount recorded in the Revenue Statement. 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 agreed to documentation, receipts exceeding 10% of all funds' receipts.
  - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Income Tax Receipts**

1. We haphazardly selected ten collection cash receipts from the years ended December 31, 2009 and December 31, 2008 recorded in the pay-in books and determined whether the:
  - a. Receipt amount per the pay-in agrees to the income tax return. We found no exceptions.
  - b. We reviewed the income tax returns for proper rates and clerical accuracy. We found no exceptions.
  - c. Receipts were posted to the proper fund according to the allocation requirements of the Village Ordinance. All income tax receipts are posted to the General Fund as required by Village Ordinance.

### **Over-the-Counter Cash Receipts**

1. We haphazardly selected ten over-the-counter receipts from the years ended December 31, 2009 and December 31, 2008, recorded in the pay-in books and determined whether the:
  - a. Receipt amount per the pay-in agrees to the amount recorded in the Revenue Statement. We found no exceptions.
  - b. Amount charged complies with rates in force during the period. We found no exceptions.
  - c. Receipts were posted to the proper funds, and were recorded in the proper year. We found no exceptions.

### **Water and Sewer Funds**

1. We haphazardly selected ten Water and Sewer collection cash receipts from the years ended December 31, 2009 and December 31, 2008, recorded in the Revenue Statement and determined whether the:
  - a. Receipt amount per the Revenue Statement agrees to the amount recorded to the credit of the customer's account in the Customer Balance Report. We found no exceptions.
  - b. Amount charged for the related billing period complies with rates in force during the audit period. We found no exceptions.
  - c. Amount charged was posted as a receivable for the billing period. We found no exceptions.
  - d. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.
2. We reviewed the Customer Balance Report as of December 31, 2009 and December 31, 2008.
  - a. We noted this report listed \$4,929 and \$5,423 of accounts receivable as of December 31, 2009 and 2008, respectively.
  - b. Of the total receivables reported for December 31, 2009 and December 31, 2008 in the preceding step, \$1,456 and \$1,166 respectively were recorded as more than 90 days delinquent.
3. We reviewed the non-cash accounts receivable adjustments in the years ended December 31, 2009 and December 31, 2008.
  - a. We selected and reviewed five non-cash receipt adjustments from 2009 and 2008. We noted there was no supporting documentation or Board of Public Affairs approval for any adjustments. We recommend that the Village maintain support for non-cash adjustments and obtain the Board of Public Affairs' approval.

**Water and Sewer Funds (continued)**

Officials' Response:

I have started a file to keep all adjustments in one place, also we will be passing a resolution giving the fiscal officer the power to make a certain amount of adjustments.

**Debt**

1. We inquired of management, and scanned the Revenue Statement and Expense Statement for evidence of bonded or note debt issued during 2009 and 2008, or debt outstanding as of December 31, 2009 and December 31, 2008. All debt agreed to the summary we used in step 2. We noted no new debt issuances.
2. We prepared a summary of bonded debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to Sewer Fund payments reported in the Expense Statement. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
3. We reviewed the Revenue Statement for debt proceeds. We found no new debt issuances made in 2009 and 2008.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Village's payroll ledgers and determined whether the following information in the Village's files and minute records 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(s) and fund(s) to which the check should be charged.
  - d. Retirement system participation and payroll withholding.
  - e. Federal & State tax withholding authorization and withholding.
  - f. Any other deduction authorizations.

We found a retirement system enrollment form was not maintained for five employees, a State tax withholding authorization form was not maintained for five employees and a Federal tax withholding form was not maintained for two employees. However, the payroll register did disclose retirement and tax withholdings for these employees. We recommend the Village maintain all documentation to support wages paid and deductions withheld.

**Payroll Cash Disbursements (continued)**

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 recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. 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 file or 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, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the Village did not remit to OPERS the December 2009 payment, which was due February 1, 2010 until February 15, 2010. We recommend the Village remit all OPERS withholdings by the required dates.
4. We inquired of the Fiscal Officer and reviewed Payroll Registers to determine if termination payments were made. We found no termination payments made.

Officials' Response:

I have asked all the employees for a W-4 for this year and will follow through each year. Also, starting now I have talked to the mayor and we will be stating what each employee is making in Ordinance form.

I have been doing PERS forms for 22 years, this happened while they were without a fiscal officer. Withholding forms will be submitted timely.

**Non-Payroll Cash Disbursements**

1. We agreed the total disbursements (non-payroll and payroll) from the Expense Statement to the total disbursements recorded in the Check Register Report for the years ended December 31, 2009 and December 31, 2008. We found no exceptions.
2. We haphazardly selected ten disbursements from the Check Register Report for the year ended December 31, 2009 and ten from the year ended December 31, 2008 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.



**Non-Payroll Cash Disbursements (continued)**

- 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 Check Register 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 Revised Code Section 5705.41(D). We found that the Village did not prepare the certification of the Fiscal Officer for any of the disbursements tested. Purchase Orders, which contain the certification, were generated in the system but were not printed and signed. Fiscal Officer certificates should be generated and signed per Ohio Revised Code Section 5705.41(D).

Officials' Response:

I have been doing the PO's right since I have started the first of March, so hopefully this is already solved.

**Compliance – Budgetary**

- 1. We compared the total from the Certificate of the Total Amount From all Sources Available for Expenditures and Balances required by Ohio Revised Code 5705.36(A)(1), to the amounts recorded in the Revenue Statement reports for the General, Street Construction Maintenance and Repair, and Sewer Funds, for the years ended December 31, 2009 and December 31, 2008. The amounts on the Certificate of the Total Amount From all Sources Available for Expenditures and Balances agreed to the amounts recorded in the Revenue Statement.
- 2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Street Construction Maintenance and Repair, and Sewer 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 Revised Code Section 5705.38(C). We found no exceptions.
- 3. We compared total appropriations required by Ohio Revised Code Section 5705.38 and 5705.40, to the amounts recorded in the Expense Statement for 2009 and 2008 for the following funds: General Fund, Street Construction Maintenance and Repair Fund, and Sewer Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Statement.

**Compliance – Budgetary (continued)**

4. Ohio Revised Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General Fund, Street Construction Maintenance and Repair Fund, and Sewer Fund for the years ended December 31, 2009 and December 31, 2008. We noted no funds for which the appropriations exceeded the certified resources.
5. Ohio Revised 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, 2009 and December 31, 2008 for the General Fund, Street Construction Maintenance and Repair Fund, and Sewer Fund, as recorded in the Expense Statement. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Revised Code Section 5705.09 requires establishing separate funds to segregate externally restricted resources. We scanned the Revenue and Expenses statements for evidence of new restricted receipts requiring a new fund during 2009 and 2008. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Revised Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2009 and 2008 Revenue Statement and Expense Statement for evidence of interfund transfers exceeding \$1,000 which Ohio Revised Code Sections 5705.14 through 5705.16 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 Statement to determine whether the Village elected to establish reserve accounts permitted by Ohio Revised Code Section 5705.13. We noted the Village did not establish these reserves.

**Compliance – Contracts & Expenditures**

1. We inquired of management and scanned the Check Register Report for the years ended December 31, 2009 and December 31, 2008 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Revised Code Section 731.14. We identified two such contracts and found no exceptions.

**Compliance – Contracts & Expenditures (continued)**

2. We inquired of management and scanned the Check Register Report for the years ended December 31, 2009 and December 31, 2008 to determine if the Village had road construction projects exceeding \$30,000 for which Ohio Revised 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 is not intended to be, and should not be used by anyone other than these specified parties.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

July 9, 2010

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**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF APPLE CREEK**

**WAYNE 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  
NOVEMBER 4, 2010**