



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Berkey
Lucas County
5817 Berkey-Southern
P.O. Box 41
Berkey, Ohio 43504-0041

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Berkey, Lucas 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, 2010 and 2009, including mayor's court 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. 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, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Reports 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 Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2010 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, 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.

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. We also traced the advances noted on the Statement to the Receipt Register Report. The amounts agreed for 2009. For 2010 the amounts agreed except for \$31 in the Permanent Improvement fund due to net amount posted instead of gross amount. However, because we did not test all Statement of Semiannual Apportionment of Taxes, our report provides no assurance regarding whether or not other similar errors occurred. We recommend all tax settlements be recorded at the gross amount with the corresponding expenditures recorded to the accounting system.
 - 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 in 2009. For 2010, \$362 was posted in error to the Permanent Improvement Fund and should have been posted to the General Fund. However, because we did not test all Statement of Semiannual Apportionment of Taxes, our report provides no assurance regarding whether or not other similar errors occurred. We recommend the Village exercise due care in posting property tax receipts. The Village has not posted this exception to the accounting records.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Ledger 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 plus advances

We noted the Revenue Ledger 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 Accounts Payable Expense Listing (Expense Listing) from 2010 and five from 2009.
 - a. We compared the amount from the DTL and Expense Listing to the amount recorded in the Receipt 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.

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 UAN Payment Register Report and:
 - a. We compared the amounts reported in the UAN Payment Register Report to the Net pay reported on the Clerk/Treasurer's detailed payroll register report and compared the hours and pay rate, or salary recorded in the Clerk/Treasurer's detailed payroll register report 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 codes to which the check was posted were reasonable based on the employees' duties as documented in the payroll register. 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 if 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 share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2011	December 31, 2010	\$301.80	\$301.80
State income taxes	January 15, 2011	December 31, 2010	66.85	66.85
Evergreen School District Income Tax	January 31, 2011	December 31, 2010	66.02	66.02
OPERS retirement	January 30, 2011	January 24, 2011	744.87	744.87

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Sorted Payment Register Report for the year ended December 31, 2010 and ten from the year ended December 31, 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 Sorted Payment Register Report and to the names and amounts on the supporting invoices. In 2010, we have identified one payment to the Lucas County Health Department for \$325 that did not have a supporting invoice. 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 fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). In 2010, we found four, and in 2009 we found three 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.

Mayors Court Transactions

1. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor).
 - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.

2. From the cash book, we haphazardly selected one month from the year ended December 31, 2010 and one month from the year ended December 31, 2009 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. 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 book.

Compliance – Budgetary

1. We compared the total amounts 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, the Streets Construction Maintenance and Repair and the Capital Projects funds for the years ended December 31, 2010 and 2009. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, the Streets Construction and Maintenance, and the Capital Projects funds of \$112,704, \$12,000, and \$5,600 respectively for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$126,169, \$47,025, and \$11,558 for the General, Streets Construction and Maintenance, and Capital Project funds, respectively. The Revenue Status Report did not record any budgeted (i.e. certified) resources for the General, the Streets Construction and Maintenance, and the Capital Project funds for 2009. However the final Amended Official Certificate of Estimated Resources reflected \$161,584, \$7,598, and \$6,500 for the General, Streets Construction, Maintenance and Repair, and Capital Project funds, respectively. However, because we did not test all funds, our report provides no assurance regarding whether or not other similar errors occurred. 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 2010 and 2009 to determine whether, for the General, Streets Construction Maintenance and Repair, and Capital Projects 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 2010 and 2009 for the following funds: General, Streets Construction Maintenance and Repair, and the Capital Projects funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status 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, Streets Construction Maintenance and Repair, and the Capital Projects 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, Streets Construction Maintenance and Repair, and the Capital Projects 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, 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 Status Reports and Appropriation Status 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 and Expenditures

1. We inquired of management and scanned the Payment Register Detail 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 Payment Register Detail 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, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

July 20, 2011



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VILLAGE OF BERKEY

LUCAS 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 16, 2011