



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village Council
Village of West Farmington
Trumbull County
P.O. Box 215
West Farmington, OH 44491

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

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 Summary by Fund Report 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 Cash Summary by Fund Report. We found no exceptions.
4. We confirmed the December 31, 2010 bank account balance with the Village's financial institution. The balance agreed. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation. We found no exceptions.
5. We reviewed the Findings For Adjustment identified in the prior audit report, due from the Gas Tax and Police funds, payable to the General fund, and due from the State Highway fund, due to the Police fund, were properly posted to the Fund Balance Adjustment report. We found no exceptions.

Cash – (Continued)

6. We selected five outstanding checks haphazardly from the December 31, 2010 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January 2010 bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from the Second Half Real Estate *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 Revenue Ledger. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund 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. We found no exceptions.
2. We scanned the Receipts Register to determine whether it included the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Three tangible personal property tax loss reimbursement receipts
 - c. Two real estate tax receipts

We noted that the Receipts Register included the proper number of tax settlement receipts for each year. We found no exceptions.

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 Register. 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.

Water Fund

1. We haphazardly selected 10 Water collection cash receipts from the year ended December 31, 2010 and 10 collection cash receipts from the year ended 2009 recorded in the Revenue Ledger and determined whether the:
 - a. Receipt amount per the Water Department Deposit Slip agreed to the amount recorded to the credit of the customer's account in the Payment History Report. We found no exceptions.
 - b. Amount charged for the related billing period complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We found no exceptions.

Water Fund – (Continued)

- c. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.
2. We read the Adjustment History Report for Water Department customer accounts.
 - a. We noted this report listed a total of \$1,778.99 and \$935.98 non-cash receipts adjustments for the years ended December 31, 2010 and 2009, respectively.
 - b. We selected five non-cash adjustments from 2010 and five non-cash adjustments from 2009. We noted that the minutes of the Board of Public Affairs did not reflect official review and approval of each adjustment.

We recommend that the Village ensure that the Chairperson of the Board of Affairs reviews and approves all significant non-cash adjustments and that the minutes of the Board reflect the same.

Debt

1. We inquired of management, and scanned the Revenue 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. All debt payments noted agreed to the summary we used in step 2.
2. We obtained a summary of all debt activity for 2010 and 2009 and agreed principal and interest from the related invoices to the debt service payments reported in the Appropriation Ledger. 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 2010 and one payroll check for five employees from 2009 from the Cash Journal 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
 - 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.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions.

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).
 - 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 on the employee time sheet. We also determined whether the payment was posted to the proper year.

We found no exceptions.

Payroll Cash Disbursements – (Continued)

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.

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2010	1/11/2011	1,286.40	1,286.40
State income taxes	January 15, 2011	1/12/2011	165.12	165.12
OPERS retirement (withholding plus employee share)	January 3, 2011 (for 11/30/10)	12/31/2010	\$1,182.14	\$1,182.14

We found no exceptions.

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 Appropriation Ledger 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 Rev. Code Section 5705.41(D). We noted 13 out of the 20 vouchers that were not encumbered timely and did not contain a Then and Now certification. The fiscal officer certification on the PO was after the obligation was incurred.

We recommend the district implement procedures to ensure that all disbursements follow the requirements of the Ohio Revised Code Section 5705.41(D).

Compliance – Budgetary

1. We compared the total 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, Gasoline Tax and Water funds for the years ended December 31, 2010 and 2009. We found no exceptions.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Gasoline Tax, and Water funds, the Trustees 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 Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the following funds: General Fund, Gasoline Tax, and Water. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.

Compliance – Budgetary – (Continued)

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, Gasoline Tax, 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, Gasoline Tax and Water 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 Revenue 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 established the Sewer Project enterprise fund during 2010 to segregate OWDA loan receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210.
7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 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 Fund 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 Appropriation Ledger 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 Appropriation Ledger for the years ended December 31, 200X+1 and 200X 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 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, flowing style.

Dave Yost
Auditor of State

February 18, 2011



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VILLAGE OF WEST FARMINGTON

TRUMBULL 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
MARCH 24, 2011