

**VILLAGE OF CHESHIRE
GALLIA COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Cheshire
119 State Route 554
Cheshire, Ohio 45620

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Cheshire, Gallia County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Cheshire is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 18, 2012

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VILLAGE OF CHESHIRE
GALLIA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures	1

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

April 27, 2012

Village of Cheshire
Gallia County
119 State Route 554
Cheshire, Ohio 45620

To the Village Council:

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the **Village of Cheshire**, Gallia County (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 and Investments

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 Cash Summary by Fund Report to the December 31, 2009 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, 2011 and 2010 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the Village's financial institution. We found no exceptions. We also attempted to agree the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation.

Cash and Investments (Continued)

4. (Continued)

The amount reported as investments on the December 31, 2011 bank reconciliation was higher than the confirmed investment balance due to the reinvestment of the certificate of deposit and related interest not being posted correctly to the system. An adjustment was proposed and was agreed to and posted to the accounting system. No other exceptions noted.

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 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.
6. We tested investments held at December 31, 2011 and December 31, 2010 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 determined the certificate of deposit held in 2011 and 2010 had a maturity of over one year. We found no other exceptions.

Property Taxes, Intergovernmental and Other Confirmable 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 Register Report. The amounts agreed.
 - 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.
 - 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 Register Report to determine whether it included two real estate tax receipts for 2011 and 2010. We noted the Receipts Register Report did include the proper number of tax receipts. However, for each year multiple intergovernmental receipts were incorrectly posted as tax receipts.
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 Cross Reference Report by Vendor Number Reports from 2011 and five from 2010.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. 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 One Valley Bank for earnings on investments to the Village during 2011 with the financial institution.
 - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Receipts (Continued)

4. Continued

- b. We determined whether the receipts were recorded in the proper year. We noted the Village misposted a \$10,000 certificate of deposit as earnings on investment receipts when in fact it was just rolling over the \$10,000 certificate of deposit investment.

Over-The-Counter Cash Receipts

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

- a. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Receipt was posted to the proper fund, and was recorded in the proper year. We determined the receipts were recorded in the proper fund and proper year, however, we found receipts of \$20,011 for the sale of land parcels recorded in the General Fund as Charges for Services that should have been recorded in the General Fund as Sale of Fixed Assets. We found no other exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2009.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. We noted no new debt issuances, nor any debt payment activity during 2011 or 2010.

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 Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register 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 employee's personnel file and 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 minutes 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 and State income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

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:

Payroll Cash Disbursements (Continued)

3. (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2012	December 31, 2011	\$ 1,154.56	\$ 1,154.56
State income taxes	January 31, 2012	January 25, 2012	\$ 132.41	\$ 132.41
OPERS retirement	January 30, 2012	December 31, 2011	\$ 609.15	\$ 609.15

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended 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 Payment Register Detail 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 Rev Code Section 5705.41(D). We found nine 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.

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 for the General, Street Construction Maintenance and Repair, and State Highway Funds for the years ended December 31, 2011 and 2010. The amounts on the *Certificate* did not agree to the amounts recorded in the accounting system. For 2011, the Revenue Status Report recorded budgeted resources for the General Fund of \$69,658, for the Street Construction Maintenance and Repair Fund of \$8,302 and the State Highway Fund of \$2,351. However, the final *Amended Official Certificate of Estimated Resources* reflected \$60,982 for the General Fund, \$8,446 for the Street Construction Maintenance and Repair Fund, and \$4,604 for the State Highway Fund. For 2010, the Revenue Status Report recorded budgeted resources for the General Fund of \$79,590, for the Street Construction Maintenance and Repair Fund of \$8,200 and the State Highway Fund of \$900. However, the final *Amended Official Certificate of Estimated Resources* reflected \$80,059 for the General Fund, \$10,815 for the Street Construction Maintenance and Repair Fund, and \$1,150 for the State Highway Fund. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimate Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

Compliance – Budgetary (Continued)

2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Street Construction Maintenance and Repair, and State Highway 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, Street Construction Maintenance and Repair, State Highway. The amounts on the appropriation resolution agreed to the amounts recorded in the Appropriation Status Report for 2011. For 2010, the amounts recorded on the Appropriation Status Report did not agree with the total appropriations. The Appropriation Status Report recorded appropriations for the General Fund of \$88,711, for the Street Construction Maintenance and Repair Fund of \$13,000 and the State Highway Fund of \$1,800. However, the appropriation resolution recorded appropriations of \$68,455 for the General Fund, \$10,815 for the Street Construction Maintenance and Repair Fund, and \$1,150 for the State Highway Fund.
4. Ohio Rev. Code Section 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, Street Construction Maintenance and Repair, and State Highway Funds for the years ended December 31, 2011 and 2010. 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, 2011 and 2010 for the General, Street Construction Maintenance and Repair, and State Highway Funds, as recorded on the Appropriation Status Report. We noted that the Street Construction Maintenance and Repair Fund expenditures for 2010 exceeded total appropriations by \$1,380, contrary to Ohio Rev. Code Section 5705.41(B). The fiscal officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The 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 Register Report 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 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 & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2011 and 2010 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.

Compliance – Contracts & Expenditures (Continued)

1. (Continued)

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, 2011 and 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 – 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, 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

VILLAGE OF CHESHIRE

GALLIA 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 28, 2012