

**VILLAGE OF KILLBUCK
HOLMES COUNTY**

AGREED UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Dave Yost • Auditor of State

Village Council
Village of Killbuck
138 South Main Street
Killbuck, Ohio 44637

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Killbuck, Holmes County, prepared by Wolfe, Wilson & Phillips, Inc., for the period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports 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 Killbuck is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 27, 2011

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Killbuck
Holmes County
138 S. Main Street
Killbuck, Ohio 44657

We have performed the procedures enumerated below, with which the Village Council, Mayor and the management of Village of Killbuck, Holmes County, Ohio (the Village) and the Auditor of State 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 transaction; 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 Publics 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 Quickbooks Balance Sheet to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of December 31, 2010 and 2009 fund cash balances reported in the Quickbooks Balance Sheet. The amounts agreed.
4. We confirmed the December 31, 2010 and 2009 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 and 2009 bank reconciliations without exception.
5. 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 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, 2010. We found 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 amount from the Statement to the amount recorded in the Quickbooks Deposit Detail Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code 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 Quickbooks Deposit Detail Report to determine whether it included the proper number of tax receipts for 2010 and 2009.
 - i. Two personal property tax receipts.
 - ii. Two real estate tax receipts.We noted the Quickbooks Deposit Detail 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 Auditor's DTLs from 2010 and five from 2009.
 - a. We compared the amount from the DTL to the amount recorded in the Quickbooks Deposit Detail 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.

Income Tax Receipts

1. We obtained the December 31, 2010 Total Distributions (Period 12 Distribution) submitted by RITA, the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Villages Quickbooks Deposit Detail Report. The amounts agreed.
2. We also compared the allocation of income tax receipts to the Village's funds according to the allocation requirements of Ordinance No. 2009-04 and Ordinance No. 2010-08. The allocation agreed with the percentages the Ordinances require.

Debt

1. We inquired of management and scanned the Quickbooks Deposit Detail Report and Quickbooks Check Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding debt as of December 31, 2010 or 2009. All debt noted agreed to the summary we used in step 2.
2. We obtained a summary of note debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to CIC Fund, Water Fund and Sewer Fund payments reported in the Quickbooks Check Register Detail Report. We also compared the date the debt payments were due to the date the Village made the payments. We found no exceptions. However, the payments were made to capital outlay and not principal and interest as required.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Grant Fund per the Quickbooks Deposit Detail Report. The amounts agreed.
4. For new debt issued in 2010 and 2009, we inspected the debt legislation, noting the Village must use the proceeds to fund the sewer project. We scanned the Quickbooks Check Register Detail Report and noted these transactions occurred through-out the years.

Water and Sewer Fund

1. We haphazardly selected 10 Sewer Collection cash receipts from the year ended December 31, 2010 and 10 collection cash receipts from the year December 31, 2009 recorded in the Quickbooks Deposit Detail Report and determined whether the:
 - a. Receipt amount per the Quickbooks Deposit Detail Report agreed to the amount recorded to the credit of the customer's account in the Utility Billing 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 Utility Billing Report for the billing period.
 - d. Receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.
2. We read the Utility Billing Report
 - a. We noted this report listed \$2,431 and \$473 of accounts receivable as of December 31, 2010 and 2009, respectively.
 - b. Of the total receivables reported in the preceding step, \$1,597 and \$2,057 were recorded as more than 90 days delinquent. The balance for 2009 is higher than the receivable due to business and individuals paying 12 months at a time while monthly payers' were late.
3. We read the name of the Utility Billing Report.
 - a. We noted this report listed a total of \$3,040 and \$4,986 non-cash receipts adjustments for the years ended December 31, 2010 and 2009, respectively.
 - b. We selected 5 non-cash adjustments from 2010 and five from 2009 and noted that the Village Administrator approved each adjustment.

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 Quickbooks Detailed payroll Register Report and determined whether the following information in the employee personnel file 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

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

2. We tested the checks 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 codes to which the check was posted was reasonable based on the employee's duties as documented in the minute record, timesheets or as required by statute. 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. We noted the following:

Withholding	Due Date	Date Paid	Amount W/H	Amount
Federal Income Taxes	January 31, 2011	January 8, 2011	\$ 1,801.86	\$ 1,801.86
State Income Taxes	January 15, 2011	January 8, 2010	415.54	415.54
School District Taxes	January 31, 2011	January 8, 2011	45.43	45.43
OPERS Retirement (withholding plus Employee share)	January 31, 2011	January 8, 2010	1,634.28	1,634.28

Non-payroll Cash Disbursements

We haphazardly selected ten disbursements from the Quickbooks Check Register Detail Report for the year ended December 31, 2010 and ten from the year ended December 31, 2009 and determined whether:

- a. In our opinion, the disbursements were for a public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check image agreed to the check number, date, payee name and amount recorded in the Quickbooks Check Register Detail Report and to the names and amounts on the supporting invoices. We noted 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 one instances where the certification date was after the vendor invoice date. Ohio Revised Code Section 5705.41(D) requires certifying at the time of a commitment, which precedes the invoice date.

Compliance-Budgetary

1. We compared the total from the Amended Official Certificate of Estimated Resources, required by Ohio Revised Code Section 5705.36 (A)(1), to the amounts recorded in the Quickbooks Budget vs. Actual Report for the General Fund, Street Fund, and the Sewer Operating Fund 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 Fund and Street Fund for 2010. The Quickbooks Budget vs. Actual Report recorded budgeted (i.e. certified) resources for the General Fund of \$135,375 and the Street Fund of \$144,800 for 2010. However, the final Amended Official Certificate of Estimated Resources reflected \$93,975 for the General Fund and \$120,800 for the Street Fund. The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the Street Fund and Sewer Operating Fund for 2009. The Quickbooks Budget vs. Actual Report recorded budgeted (i.e. certified) resources for the Street Fund of \$30,800 and \$274,294 in the Sewer Operating Fund for 2009. However, the final Amended Official Certificate of Estimated Resources reflected \$29,400 for the Street Fund and \$480,822 for the Sewer Operating Fund. The fiscal officer should periodically compare amounts recorded in the Quickbooks Budget vs. Actual 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 Fund, Street Fund and the Sewer Operating Fund, the Village 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.

Compliance-Budgetary (Continued)

3. We compared total appropriations required by Ohio Revised Code Section 5705.38 and 5705.40, to the amounts recorded in the Quickbooks Budget Detail Expense Report for 2010 and 2009 for the following funds: General Fund, Street Fund and the Sewer Operating Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Quickbooks Budget Detail Expense Report.
4. Ohio Revised Code Section 5705.39 prohibits appropriations from exceeding the certified resources from Step 1 above. We compared total appropriations to total certified resources for the General Fund, Street Fund and the Sewer Operating Fund for the years ended December 31, 2010 and 2009. We noted no funds for which appropriations exceeded 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, 2010 and 2009 for the General Fund, Street Fund and the Sewer Operating Fund, as recorded in the Quickbooks Budget Detail Expense Report. 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 Quickbooks Deposit Detail 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 Revised Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2010 and 2009 Quickbooks Budget vs. Actual Reports and Quickbooks Budget Detail Expense Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Revised 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 Quickbooks Budget Detail Expense Reports 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 and Expenditures

1. We inquired of management and scanned the Quickbooks Check 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.

- a. We inquired of management and scanned the Quickbooks Check Register Detail Report for the years ended December 31, 2010 and 2009 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 estimates). We identified no projects requiring completion of the force account assessment form.

Official Response: We agree to the exception noted 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 and those charged with governance and the Auditor of State and is not intended to be, and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 1, 2011



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VILLAGE OF KILLBUCK

HOLMES 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
MAY 10, 2011