



Dave Yost • Auditor of State

VILLAGE OF ADAMSVILLE
MUSKINGUM COUNTY

TABLE OF CONTENTS

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

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Adamsville
Muskingum County
7465 Adamsville Road
Adamsville, Ohio 43802

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Adamsville, Muskingum 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, 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, 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 Journal 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 Journal. 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 the four outstanding checks from the December 31, 2010 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and date written to the Cash Journal, to determine the checks were dated prior to December 31. We noted no exceptions.

Cash and Investments (Continued)

6. We tested investments held at December 31, 2010 and December 31, 2009 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 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 receipts from the settlement statements to the amount recorded in the Receipts Ledger for the March 2010 and August 2009 settlements. We noted both the 2010 and 2009 receipts were posted at the net amount instead of at the gross amount. There was a difference of \$190 in March 2010 and a difference of \$21 in August 2009. Tax settlements, including real estate taxes and manufactured home taxes from the County Auditor, should be posted to the Village's accounting system at the gross amount of the settlement, along with related County Auditor & Treasurer fees, to arrive at the net amount of the receipt received per the Statement of Semi-Annual Apportionment of Taxes. We recommend the Village post tax receipts at the gross amount, along with the related fees, per the Statements of Semi-Annual Apportionment of Taxes worksheets.
 - 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. The receipt was recorded in the proper year.
2. We scanned the Receipt Ledger 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.

We noted the Receipts Ledger 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 Detail Expense Report from 2010 and five from 2009.
 - a. We compared the amounts from the State DTL and County Auditor's Detail Expense Report to the amounts recorded in the Receipt Ledger. 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 of interest received from the Village's financial institution during 2010. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit report disclosed no debt outstanding as of December 31, 2008.
2. We inquired of management, and scanned the Receipt Ledger and Cash Journal for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. We noted no new debt issuances, nor any debt payment activity during 2010 or 2009.

Payroll Cash Disbursements

1. We haphazardly selected one quarterly payroll check for eight officials from 2010 and one quarterly payroll check for seven officials from 2009 from the Cash Journal and determined whether the following information in the minute record and prior audit 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 and fund to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. State income tax withholding authorization and withholding.

We found no exceptions related to steps a. – e. above.

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the number of meetings attended and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We noted one Council Member, Dwain Merriam, being overpaid \$20 for a meeting that he did not attend in the 4th quarter of 2010. Village Council Members should be compensated an approved rate per meeting and should only be compensated for meetings that were attended by the Council Members. We recommend the Clerk review monthly minutes for record of attendance before compensating Council members. This will provide assurance that the correct amount of payments are being paid to each Council Member.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Cash Journal and to the canceled check. We found no exceptions.
 - c. We determined whether the fund and account code to which the check was posted was reasonable based on the officials' duties as required by statute. 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, 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 (plus employer share, where applicable)	Date Due	Date Paid	Amount Withheld	Amount Paid
Social Security and Medicare	January 31, 2011	December 28, 2010	\$125.46	\$125.46
State income taxes	January 15, 2011	December 28, 2010	\$13.13	\$13.13

Non-Payroll Cash Disbursements

1. For the Cash Journal, we refooted checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *public works* in the Motor Vehicle License Fund for 2010. We found no exceptions.
2. We agreed total disbursements (non-payroll and payroll) from the Cash Journal for the years ended December 31, 2010 and 2009 to the total disbursements recorded in the Appropriation Ledger for the General and Motor Vehicle License Funds. We also agreed total disbursements (non-payroll and payroll) from the Cash Journal for the years ended December 31, 2010 and 2009 to the total disbursements computed from the sum of each check stub. We found no exceptions.
3. 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 Cash Journal and to the names and amounts on the supporting invoices. We found two exceptions in 2009 where the date in the Cash Journal was different than the date on the canceled check. We recommend the Fiscal Officer post the disbursements in the Cash Journal at the time the checks are written. No other exceptions were noted.
 - 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 no exceptions.

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 Receipts Ledger for the General and Motor Vehicle License Funds 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. The Receipts Ledger recorded budgeted (i.e., certified) resources for the General Fund of \$10,940 for 2009. However, the final Amended Official Certificate of Estimated Resources reflected \$8,584. Also, the Receipts Ledger recorded budgeted (i.e., certified) resources for the General Fund of \$13,779 for 2010. However, the final Amended Official Certificate of Estimated Resources reflected \$7,998. The Fiscal Officer should periodically compare amounts recorded in the Receipts Ledger 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 and Motor Vehicle License 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.

Compliance – Budgetary (Continued)

3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2010 and 2009 for the following funds: General and Motor Vehicle License Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger, with the exception of the Motor Vehicle License Fund for 2009. The Appropriation Ledger recorded appropriations for the Motor Vehicle License Fund of \$15,300. However, the appropriation resolution reflected \$15,500. We recommend the Village Clerk compare appropriations from the annual appropriation ordinance with the Appropriation Ledger throughout the year and if modifications are needed, to receive approval from the Village Council to approve all appropriation changes prior to being posted to the accounting records.
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 and Motor Vehicle License 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 and Motor Vehicle License Funds, as recorded in the Appropriation Ledger. 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 Receipts 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 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 Receipts Ledger and Appropriation Ledger for evidence of interfund transfers 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 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 Cash Journal 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 noted no items requiring bidding.
2. We inquired of management and scanned the Cash Journal for the years ended December 31, 2010 and 2009 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 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 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 style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 11, 2011



Dave Yost • Auditor of State

VILLAGE OF ADAMSVILLE

MUSKINGUM 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 31, 2011