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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Dillonvale
Jefferson County
P. O. Box 546
Dillonvale, Ohio 43917

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Dillonvale, (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 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 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. The amounts agreed.

Cash and Investments – (Continued)

4. We confirmed the December 31, 2010 bank account balances with the Village's financial institutions. 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 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. We noted no exceptions.
6. We selected all Other Reconciling Items from the December 31, 2010 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement.
 - b. We agreed each credit to the Cash Journal. Each credit was recorded as a December receipt for the same amount recorded on the reconciliation.
7. We tested interbank account transfers occurring in December of 2010 and 2009 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
8. 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.
 - c. 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 gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) 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 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
 - c. Two mobile home property tax receipts

We noted the Revenue Ledger Report included the proper number of tax settlement receipts for each year.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts – (Continued)

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 Revenue Ledger 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.

Water and Sanitation Funds

1. We haphazardly selected 10 Water and Sanitation Fund collection cash receipts from the year ended December 31, 2010 and 10 collection cash receipts from the year ended 2009 recorded on the Utility Payment Stub and determined whether the:
 - a. Receipt amount per the Utility Payment Stub agreed to the amount recorded to the credit of the customer's account in the Cash Receipts Posting Journal. The amounts agreed.
 - 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.
 - c. Amount charged was posted as a receivable in the Billing Register for the billing period.
 - d. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.
2. We read the Delinquent List.
 - a. We noted this report listed \$26,816 and \$5,027 of accounts receivable as of December 31, 2010 and 2009, respectively.
 - b. Of the total receivables reported in the preceding step, \$1,881 and \$133 were recorded as more than 90 days delinquent.
3. We read the Account Adjustment Journal.
 - a. We noted the Village is not able to produce a Year to Date version of this report. However, Account Adjustment Journals are printed when the adjustment is made and maintained by the Village.
 - b. We selected five non-cash adjustments from 2010 and five non-cash adjustments from 2009, and noted that the Village Administrator approved each adjustment.

Debt

1. From the prior audit report, we noted the following bonds, notes and loans outstanding as of December 31, 2008. These amounts agreed to the Villages January 1, 2009 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2008:
OWDA Loan	\$17,697
Garbage Packer Note	\$50,000
USDA Mortgage Revenue Bonds	\$821,000
Dump Truck Note	\$4,326
Pick-up Truck Note	\$15,817

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or debt payment activity during 2010 or 2009. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded and note debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We noted the Village misallocated principal and interest payments as presented below:

Year	Debt Issue	Principal Overstated	Interest (Understated)
2009	Garbage Packer Note	\$2,046	(\$2,046)
2010	Garbage Packer Note	\$1,862	(\$1,862)

We found no other 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 Payroll Register Detail Report 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 related to steps a. – f. above.

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). We found no exceptions.

Payroll Cash Disbursements – (Continued)

- b. We determined whether the fund and account codes to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and minute record. 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	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2011	12/27/10	\$1,176	\$1,176
State income taxes	January 15, 2011	12/27/10	\$298	\$298
OPERS retirement (withholding plus employee share)	January 30, 2011	12/27/10	\$2,709	\$2,709

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report 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 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 no exceptions.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2010 and December 31, 2009 to the Mayor's Court Agency Fund balance reported in the Cash Summary by Fund Report. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2010 and 2009 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balance with the Mayor's Court 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.

Mayors Court Transactions and Cash Balances – (Continued)

5. 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 with the following exceptions. Court fines and costs were not noted in the docket. Duplicate receipts were not prepared for 1 transaction selected in 2009 and 2 transactions selected in 2010.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2010 and one month from the year ended 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 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, Capital Project and Water Operating funds for the years ended December 31, 2010 and 2009. The amounts agreed, except for the Water Operating Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Water Operating fund of \$153,172 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$153,000. 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, Capital Project and Water Operating 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 Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the following funds: General, Capital Project, and Water Operating 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, Capital Project and Water Operating funds for the years ended December 31, 2010 and 2009. We noted no funds for which appropriations exceeded certified resources.

Compliance – Budgetary – (Continued)

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, Capital Project and Water Operating 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. The Village established the Drug Law Enforcement fund during 2009 to segregate Indigent Alcohol Treatment receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210. We also noted that the Council established the Other Capital Projects – Senior Center fund during 2009 to segregate Health Care and Other Facilities grant 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 \$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, 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 a roof replacement project and a building demolition project both exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For these projects, we noted that the Council advertised the project in a local newspaper, and selected the lowest responsible bidder.

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.

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 initial "D".

Dave Yost
Auditor of State

May 5, 2011



Dave Yost • Auditor of State

VILLAGE OF DILLONVALE

JEFFERSON 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
JULY 21, 2011