



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of West Lafayette
Coshocton County
113 East Railroad Street
P.O. Box 175
West Lafayette, Ohio 43845

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of West Lafayette, Coshocton 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 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 monthly bank and investment reconciliations. The Fiscal Officer did not prepare 2010 and 2009 all inclusive monthly bank and investment reconciliations but rather reconciled only the general checking account. All bank and investment accounts should be reconciled to the YTD Fund Period Report. If the Fiscal Officer had been performing an all inclusive monthly bank and investment reconciliation, an un-reconciled difference of \$17,864 would have been identified as of January 31, 2009 rather than as of January 31, 2010. The un-reconciled difference was the result of the Fiscal Officer not posting payroll expenditures for the January 3, 2009 pay-period ending into the Village computer system. This was corrected by the Fiscal Officer in January 2010.
2. We agreed the January 1, 2009 beginning fund balances recorded in the YTD Fund Period 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 YTD Fund Period Report. See step 1 above.

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 reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 general checking bank reconciliation and five reconciling debits from the December 31, 2010 payroll checking bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. 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, 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. The Village had two certificate of deposits not in compliance with Ohio Rev. Code Sections 135.13 or 135.14 as the maturity date exceeded one year.

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 Detail Revenue Transactions Report. 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. The receipt was recorded in the proper year.
2. We scanned the Detail Receipt Transactions 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 receiptsWe noted the Detail Receipt Transactions 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 DTL Expense Audit Trail Report from 2010 and five from 2009.
 - a. We compared the amount from the DTL to the amount recorded in the Detail Revenue Transactions 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 selected five income tax returns filed during 2010 and five from 2009.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the W-2's as submitted by the employer. The amounts agreed.
 - b. We compared the amount remitted total from step a. to the amount submitted by the employer for that employee as income tax cash receipts journal Report for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2010 and five from 2009.
 - a. We compared the refund paid from the 2010 Refunds Payable Report and the 2009 Issued Refund Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds were approved by the fiscal officer. However, in 3 out of 5 transactions tested for 2010 and 3 out of 5 transactions tested for 2009, there was no evidence to support the fiscal officer's review.
 - c. We noted the refunds were paid from the General Fund.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2010 and 10 collection cash receipts from the year ended 2009 recorded in the Detail Revenue Transactions Report and determined whether the:
 - a. Receipt amount per the Detail Revenue Transactions Report agreed to the amount recorded to the credit of the customer's account in the Summary Cash Receipts by Cycle and Book. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Summary Open AR by Account Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Summary Open AR by Account Report.
 - a. We noted this report listed \$63,713 and \$63,141 of accounts receivable as of December 31, 2010 and 2009, respectively.
 - b. Of the total receivables reported in the preceding step, \$80 and \$283 were recorded as more than 90 days delinquent.
3. We read the Utility Bill Adjustment Journal Consolidated Register.
 - a. We noted this report listed a total of \$37,010 and \$12,902 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, and noted that the Utility Business Manager, Fiscal Officer, and Village Administrator approved each adjustment.

Debt

1. From the prior audit report, we noted the following 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:
1992 OPWC Storm Water Improvement Loan No. CN432	\$18,427
1995 OPWC Water System Improvement Loan No. CN910	35,015
2002 OPWC Riverfront Estates Loan No. CN31D	125,929
2004 OPWC Wastewater Treatment Loan No. CN16G	76,085
1990 OWDA Sewer Project Loan No. 1967	34,951
2000 OWDA Water System Improvement Loan No. 2130	786,355
2004 OWDA Wastewater Treatment Loan No. 4045	309,907
1994 U.S.D.A. Dept. of Rural Development Loan	171,800

2. We inquired of management, and scanned the Detail Revenue Transactions Report and Detail Expense Transactions Report for evidence of 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 debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedules to the State Highway Fund, Water Fund, and Sewer Fund payments reported in the Detail Expenses Transactions Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Sewer Fund per the Detail Revenue Transactions Report. The amounts agreed did not agree for the following loans:
 - Ohio Water Development Authority Loan #5116 – proceeds were understated by \$400 for the period ending December 31, 2009.
 - Ohio Water Development Authority Loan #5118 – proceeds were understated by \$400 for the period ending December 31, 2009.
 - Ohio Water Development Authority Loan #5118 – proceeds were understated by \$440 for the period ending December 31, 2010.
 - Home Loan & Savings Bank (Dump Trucks) – proceeds were understated by \$120,689 for the period ending December 31, 2010.
5. For new debt issued during 2010, we inspected the debt legislation noting the Village must use the proceeds of \$120,689 to purchase two F-550 dump trucks. We scanned the Detail Expenditure Transaction Report and noted the payment for the dump trucks was not recorded even though the Village took possession of the two F-550 dump trucks during 2010. The Fiscal Officer should have recorded the debt proceeds and subsequent capital outlay expenditures as memo transactions since the Village did not physically receive the debt proceeds. For two new debt issuances during 2009, we inspected the debt legislation noting the Village must use the proceeds of \$30,000 and \$95,000 for sewer design and wastewater treatment plant design upgrades, respectively. As these loans are reimbursement loans from Ohio Water Development Authority, the Village paid for the design services prior to receiving the loan proceeds.

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 Detail Check Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Detail Check Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. 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 employees' personnel files 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.

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 if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2010. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2011	December 30, 2010	\$16,551.79	\$16,551.79
State income taxes	January 18, 2011	December 30, 2010	1,196.21	1,196.21
Village of West Lafayette income taxes	January 31, 2011	December 31, 2010	157.75	157.75
OPERS retirement (plus employer share)	January 30, 2011	December 30, 2010	7,030.90	7,030.90
OP&F retirement (plus employer share)	January 31, 2011	January 4, 2011	4,096.08	4,096.08

Non-Payroll Cash Disbursements

1. From the Detail Expense Transactions Report, re-footed checks recorded as General Fund disbursements for security of persons and property, and checks recorded as public works in the Water fund for 2010. We found no exceptions.
2. We haphazardly selected ten disbursements from the Detail Expense Transactions 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 Detail Expense Transactions 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 four 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 amounts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the MTD/YTD Revenue Receipt Report for the General, Street, and Sewer funds for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Street and Sewer 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 Current MTD/YTD Expense Period Report for 2010 and 2009 for the following funds: General, Street and Sewer funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Current MTD/YTD Expense Period 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, Street and Sewer 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, Street and Sewer fund, as recorded in the Current MTD/YTD Expense Period 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 Balancing 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 FEMA fund during 2009 to segregate Federal Emergency Management Agency receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210.
7. We scanned the 2010 and 2009 Detail Revenue Transaction Report and Detail Expense Transaction report for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found evidence the Village obtained approval from the Court of Common Pleas for a transfer from two debt service funds to the general fund. No exceptions noted.
8. We inquired of management and scanned the Revenue Balancing Report 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 Accounts Payable Report for the year ended December 31, 2010 and the Bill Approval Report for the year ended December 31, 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 Bill Approval 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.

Officials Responses:

Cash and Investments Step #1 - I agree with this and to ensure that this situation does not occur again, I am now preparing a reconciliation worksheet that reconciles ALL bank and investment accounts to the village's YTD Fund balance Report. I have already implemented this and will include this in the monthly finance reports that I submit to the finance committee on a monthly basis.

Cash and Investments Step #6 - To be in compliance with Ohio Rev. Code 135.13 or 135.14, the two investments noted above will be re- invested in a 12 month Certificate of Deposit. One investment matures in April 2012 and one matures in July 2012. This will be corrected at the maturity dates.

Debt Steps #4 and #5 - Moving forward, I am now aware that all grants and/or loans must be properly recorded to reflect all grants and/or loans awarded to the village or on behalf of the village. Whether the money is actually physically run through the village's bank accounts or not, it still needs to be recorded on the books as a memo receipt and a memo expense to properly trace this activity. To be in compliance with this, I will accurately record any grant and/or loan activity in the future. I am now including the full amount awarded in my certificate of estimated resources. Therefore, I can appropriate the full amount and execute a purchase order and pay all invoices in a simpler manner.

Non Payroll Cash Disbursements Step #2 - To be in compliance with Ohio Rev. Code Section 5705.41 (D), I have explained the importance of the *Then and Now Certificates* to the departmental heads. I will continue to evaluate all purchase orders to ensure if it needs to be reflected as a *Then and Now Certificate* rather than a *Regular Certificate*.

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.



Dave Yost
Auditor of State

September 9, 2011



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VILLAGE OF WEST LAFAYETTE

COSHOCTON 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
SEPTEMBER 29, 2011