



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Polk
Ashland County
200 East Congress Road
Polk, Ohio 44866

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Polk, Ashland 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, 2012 and 2011, 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

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2010 balances in the prior year bank reconciliation. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2011 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Cash Summary by Fund Reports. The amounts agreed.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.

Cash (Continued)

5. We selected five reconciling debits (such as outstanding checks) randomly from the December 31, 2012 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found one exception. A check written on December 31, 2009 was still outstanding as of December 31, 2012. We recommend the Village remove stale dated checks from the outstanding checklist and add them to an unclaimed monies fund (see AOS MAS Bulletin 91-11). Because we did not test all outstanding checks, our report provides no assurance whether or not additional similar errors occurred.
 - 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.

Property Taxes and Intergovernmental

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. One exception was noted. The 2011 receipt tested was posted net of fees rather than gross. We recommend all tax receipts be posted at gross, with the various deductions for fees posted as a disbursement. Because we did not test all tax receipts, our report provides no assurance whether or not additional similar errors occurred.
 - 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 Register Report to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists from 2012 and five from 2011. We also selected five receipts from the County Auditor Distribution Transaction Lists from 2012 and five from 2011.
 - 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.

Miscellaneous Cash Receipts

1. We selected all miscellaneous cash receipts from the year ended December 31, 2012 and all miscellaneous cash receipts from the year ended December 31, 2011 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. Amount charged complied with rates in force during the period, where applicable. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Enterprise Improvement Fund

1. We randomly selected 10 Enterprise Improvement Fund collection cash receipts from the year ended December 31, 2012 and 10 Enterprise Improvement Fund collection cash receipts from the year ended December 31, 2011 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Customer Balance Detail Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer Balance Detail Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period. We found no exceptions.
 - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We read the A/R Summary Report.
 - a. We noted this report listed \$30,115 and \$22,729 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in the preceding step, \$25,315 and \$17,059 were recorded as more than 90 days delinquent.

Debt

1. From the prior year agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2010. These amounts agreed to the Village's January 1, 2011 balances on the summary we used in step 3.

<u>Issue</u>	<u>Principal outstanding as of December 31, 2010:</u>
OWDA - New Wastewater System Design	\$185,734
OWDA - New WWT System Design	27,400

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of loan debt activity for 2012 and 2011 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 found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Enterprise Improvement Fund per the Receipt Register Report. We noted in 2012 and 2011, the Village had unrecorded activity of \$2,034 and \$10,824, respectively, of Ohio Water Development Authority (OWDA) transactions paid by OWDA directly to the vendor on behalf-of the Village. Ohio Rev. Code Section 5705.42 requires any grant or loan paid on behalf-of a subdivision to be recorded by the subdivision. We also noted in 2012 and 2011, the Village had recorded \$13,800 and \$37,875, respectively, of OWDA loan proceeds as Miscellaneous receipts rather than loan proceeds. We recommend the Village record all transactions paid directly to vendors on their behalf as required by Ohio Rev. Code Section 5705.42, and ensure the amounts are posted to the correct account.

Payroll Cash Disbursements

1. We randomly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in Payroll Register Detail Report to supporting documentation: timecard, legislatively (minutes) and statutorily-approved rate or salary in minutes. 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 minutes record. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 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 2012. We noted the following:

Withholding (plus employer share, where applicable)	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Due</u>	<u>Amount Paid</u>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2013	January 7, 2013	\$413.16	\$413.16
State income taxes	January 31, 2013	January 5, 2013	32.64	32.64
OPERS retirement	January 30, 2013	January 5, 2013	782.40	782.40

Non-Payroll Cash Disbursements

1. We randomly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2012 and ten from the year ended December 31, 2011 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 sixteen instances where the certification date was after the vendor invoice date. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date. We recommend the Village follow the requirements of Ohio Rev. Code Section 5705.41(D) for all disbursements. However, because we did not test all disbursements, our report provides no assurance regarding whether or not other 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 Fund, State Highway Fund, and Enterprise Improvement Fund for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General Fund, State Highway Fund, and Enterprise Improvement Fund, 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 2012 and 2011 for the following funds: General Fund, State Highway Fund, and Enterprise Improvement Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 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 Fund, State Highway Fund, and Enterprise Improvement Fund for the years ended December 31, 2012 and 2011. 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, 2012 and 2011 for the General Fund, State Highway Fund, and Enterprise Improvement Fund, 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, 2012 and 2011. 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 2012 and 2011 Revenue Status Reports and Appropriation Status Reports 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 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

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2012 and 2011 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 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 "D" and "Y".

Dave Yost
Auditor of State

April 19, 2013



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VILLAGE OF POLK

ASHLAND 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 16, 2013