



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF PROCTORVILLE
LAWRENCE COUNTY

AGREED UPON PROCEDURES

For the Years Ended December 31, 2012 and 2011



Dave Yost • Auditor of State

Village Council
Village of Proctorville
P.O. Box 406
Proctorville, Ohio 45669

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Proctorville, Lawrence County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted this report 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 Proctorville is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 3, 2013

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Proctorville
Lawrence County
P.O. Box 406
Proctorville, Ohio 45669

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Proctorville (the Village) and the Auditor of State 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, 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 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, 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 Journal to the December 31, 2010 balances in the prior year audited statements. We noted the Village's cash reconciliation did not record their Certificates of Deposit in the UAN system. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Journal to the December 31, 2011 balances in the Cash Journal. We scanned the Village's cash reconciliation and noted that the Village did not record their Certificates of Deposit in the UAN system. We proposed an adjustment to the General Fund of \$21,687. The Village has posted this adjustment to its UAN system.
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 Journal. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances 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.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We noted that the Village had an unsupported reconciling debit in the amount of \$4,412 at December 31, 2012. We noted no other exceptions. However, because we did not test all reconciling debits, our report provides no assurance regarding whether or not other 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.
6. We tested investments held at December 31, 2012 and December 31, 2011 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 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Ledger. We also traced the advances noted on the Statement to the Revenue Ledger. The tax receipts in the General fund and the Fire Fighting Fund were understated by the amount of deductions taken by the County Auditor in 2011. This resulted in understatements of revenues and expenses in the amounts of \$496.59 and \$79.55 in the General and Fire Fighting Funds, respectively. No other exceptions were noted.
 - 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 to determine whether it included two real estate tax receipts plus 1 advance for 2012 and 2011. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's Vendor Audit Trail Report from 2012 and five from 2011.
 - a. We compared the amount from the above report(s) to the amount recorded in the Revenue Ledger. No exceptions were noted.
 - b. We determined whether these receipts were allocated to the proper fund(s). Homestead and Rollback receipt #40-2011 for \$1,919.10 was receipted entirely into the General Fund, \$345.08 of this receipt should have been placed into the Fire Fighting Fund. Homestead and Rollback receipt #82-2012 for \$1,944.59 was receipted entirely into the General Fund, \$359.67 of this receipt should have been placed into the Fire Fighting Fund. Because we did not test all receipts, our report provides no assurance whether or not additional similar errors occurred. The Village has posted these adjustments to their UAN system.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Water Operating Fund

1. We haphazardly selected 10 Water Operating Fund collection cash receipts from the year ended December 31, 2012 and 10 Water Operating Fund collection cash receipts from the year ended December 31, 2011 recorded in the Payment Summary Report and determined whether the:
 - a. Receipt amount per the Payment Summary Report agreed to the amount recorded to the credit of the customer's account in the Account Balances Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Account Balances Report for the billing period. We found no exceptions.

- ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. 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 Account Balances Report.
 - a. We noted this report listed \$11,612 and \$11,337 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in the preceding step, \$462 and \$386 were recorded as more than 90 days delinquent as of December 31, 2012 and 2011, respectively.
- 3. We read the Utility Adjustment Edit Register.
 - a. We noted this report listed a total of \$4,087 and \$6,382 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
 - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the Village Administrator did not approve any adjustments.

Debt

- 1. From the prior audit documentation, we noted the following loan outstanding as of December 31, 2010. These amounts agreed to the Villages January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
Water Treatment Plant Mortgage Loan	\$164,164

- 2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger 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 bonded debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule(s) to general fund and water operating fund payments reported in the Appropriation Ledger Report. We also compared the date the debt service payments were due to the date the Village made the payments. In 2011, the final payment made to Chase Bank was recorded only as principal in the Water Operating Fund; \$781.76 should have been recorded as Interest and Fiscal Charges. In 2012, the March a payment of \$15,382.19 was recorded as principal in the Water Operating Fund and \$5,000.00 was recorded as an expense in the Security of Persons and Property line of the General Fund. The Water Operating Fund should have \$14,802.50 recorded as principal and \$993.70 recorded as interest and \$414.01 that was paid from the General Fund should have been paid from the Water Operating Fund. The General Fund should have principal of \$4,297.50 and interest of 288.49 recorded. For the September payment, The Water Operating Fund had \$9,300.00 and \$1,813.96 charged to principal and interest, respectively but should have recorded \$14,957.50 as principal and \$1,405.82 as interest. The General Fund portion of the September payment should have \$4,342.50 and \$408.14 recorded as principal and interest, respectively. The Village recorded \$10,000.00 as an expense to the Securities of Persons and Property line of the General Fund. At the close of the close of the fiscal year, the Village made a correcting entry in the amount of \$4,196.94 to correct a portion of the misallocation by the General Fund. An adjustment in the amount of \$1,466.43 was issued in favor of the General Fund and against the Water Operating Fund. The Village has posted this adjustment to its UAN system.
- 4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General Fund and Water Operating Fund per the Revenue Ledger. The amounts agreed. The Village properly recorded the proceeds in the Water Operating Fund and General Fund.

5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Village must use the proceeds to refinance the water treatment plant mortgage and to purchase police cars. We scanned the Appropriation Ledger and noted the Village paid off the existing loan in December of 2011 and purchased a police car in December of 2011. The Village has unspent debt proceeds in the General Fund of \$26,000 as of December 31, 2012.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. 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 minute records. 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 minute records and employee withholding approvals 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, 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)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2013	December 31, 2012	\$1,937.36	\$1,937.36
State income taxes	January 15, 2013	January 3, 2013	\$362.81	\$362.81
OPERS retirement	January 30, 2013	December 31, 2012	\$4,550.45	\$4,550.45

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Payroll Register:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2012 and ten from the year ended 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 Appropriation Ledger 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 one instance where disbursements requiring certification were not certified and twelve 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.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2012 and December 31, 2011 to the Mayor's Court Agency Fund balance reported in the Mayor's Monthly Report to Clerk-Treasurer. Mayor's Court monthly report to the Clerk-Treasurer are performed mid-month and was not completed as of December 31, 2012 or 2011 and we were unable to compare the balances.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2012 and 2011 listing of unpaid distributions as of each December 31. The Village did not maintain an unpaid distributions listing. We attempted to reconcile by scheduling out all of the receipts recorded in the December 2012 & 2011 duplicate receipt booklet that did not appear on the December payment summary sheet. We verified these receipts cleared on the December bank statement and compared the totals to the Villages reconciliations. We noted a variance of \$131 and \$14 for year end 2012 and 2011 respectively.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception
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. Tickets, 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, ticket and case file agreed. The Mayors court does not maintain a docket. Tickets are used instead.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2012 and one month from the year ended 2011 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 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 for the General, Street Maintenance & Repair and Water funds for the years ended December 31, 2012 and 2011. The amounts per the final amended certificate of estimated resources agreed to the budgeted amounts recorded on the accounting system for Street Maintenance and Repair fund in 2011, all other amounts tested did not agree. In 2011, the Final Amended Certificate of Estimated Resources had \$180,000, and \$110,000 in the General Fund and Water Operating funds, respectively. However, the budgeted amounts per the revenue status report had \$225,191 and \$264,981 for the General and Water Operating funds, respectively. In 2012, the Final Amended Certificate of Estimated Resources had \$230,000, \$44,200 and \$140,000 for the General, Street Maintenance and Repair, and Water Operating funds, respectively. However the budgeted amounts per the revenue status report had \$275,078, \$37,000 and \$153,063 for the General, Street Maintenance & Repair and Water funds accordingly. The Clerk-Treasurer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on 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 2012 and 2011 to determine whether, for the General, Street Maintenance & Repair and Water funds, the Village 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, Street Maintenance & Repair and Water. The amounts on the appropriation resolutions did not agree to the amount recorded on the appropriation status report for any of the funds selected in 2011 and for the General fund in 2012. In 2011, the amounts per the final appropriation resolution were \$281,450, \$47,000 and \$278,500 however the amounts recorded on the appropriation status report were \$286,050, \$41,000 and \$280,500 for the General, Street Maintenance & Repair and Water funds respectively. In 2012, the amounts per the final appropriation resolution in the General fund were \$284,600 however the amount recorded on the appropriation status was \$284,700.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations total certified resources for the General, Street Maintenance and Repair and Water Operating funds for the years ended December 31, 2012 and 2011. We noted no funds for which appropriations exceeded certified resources in 2012. We noted that General Fund and Water Operating fund appropriations for 2011 exceeded certified resources by \$26,824 and \$148,005 respectively, contrary to Ohio Rev. Code Section 5705.39. The Council should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Village to incur fund balance deficits.
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, Street Maintenance & Repair and Water 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 the Village received a FEMA grant from the Ohio Department of Public Safety for disaster relief in which the Village established the FEMA grant fund accordingly which is in compliance with section 5705.09 and 2CFR Part 176.210.
7. We scanned the 2012 and 2011 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 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 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

We inquired of management and scanned the Payment Register by Vendor 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 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, the Auditor of State, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs Inc.

4/19/2013



Dave Yost • Auditor of State

VILLAGE OF PROCTORVILLE

LAWRENCE 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
JUNE 18, 2013**