



Dave Yost • Auditor of State

VILLAGE OF ZALESKI
VINTON COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Zaleski
Vinton County
PO Box 176
Zaleski, Ohio 45698

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Zaleski, Vinton 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 Trial Balance – All Funds to the December 31, 2010 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Trial Balance – All Funds to the December 31, 2011 balances in the Trial Balance – All Funds. 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 Trial Balance – All Funds. The amounts agreed.
4. We confirmed the December 31, 2012 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 and February bank statements. We noted two outstanding checks had not yet cleared as of February 28, 2013.
 - 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.

Cash (Continued)

6. We selected the reconciling credit from the December 31, 2012 bank reconciliation:
 - a. We agreed the credit amount to the Bank Report. The credit represents two deposits totaling \$1,049.53 that were recorded as receipts in the accounting system twice. We recommend the Village Fiscal Officer void the duplicate posting of the receipts.

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 Budgetary Posting Journal. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds 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 Budgetary Posting Journal to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Budgetary Posting Journal 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 Cross Reference Report by Vendor Number from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Budgetary Posting Journal. 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 paid from the Ohio Water Development Authority to the Village during 2012 and 2011 with the Authority. We also confirmed the amounts paid from Madison and Knox Townships to the Village during 2012 and 2011 with the Townships. 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.

Water and Sewer Fund Charges for Services

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 and 10 Water and Sewer Fund collection cash receipts from the year ended 2011 recorded in the Utility Billing Stub and determined whether the:
 - a. Receipt amount per the Utility Billing Stub agreed to the amount recorded to the credit of the customer's account in the Cash Receipts/Write-off Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Cash Receipts/Write-off Journal 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.

Water and Sewer Fund Charges for Services (Continued)

- c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
- 2. We read the Delinquent/Shut-off Journal.
 - a. We noted this report listed \$4,286 and \$1,748 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in the preceding step, \$1,955 and \$1,748 were recorded as more than 90 days delinquent.
- 3. We read the Customer History Report - Adjustments.
 - a. We noted this report listed a total of \$5,444 and \$(15,127) in 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 Board of Public Affairs did not approve adjustments except for adjustments needed to correct the reduction in the sewer rate in 2011 retroactive to the beginning of the year and the correction between the water and sewer funds in 2012 where the sewer credit created in 2011 was used to pay the water bill. We recommend the Board of Public Affairs approve each adjustment.

Debt

- 1. From the prior agreed-upon procedures documentation, we noted the following bonds and 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.

Issue	Principal outstanding as of December 31, 2010:
OWDA Loan	\$96,234
2006 Building Improvement Bonds	\$63,900

- 2. We inquired of management, and scanned the Budgetary Posting Journal 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 and note debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to Water Fund payments reported in the Budgetary Posting Journal. 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 Budgetary Posting Journal. The amounts agreed.
- 5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Village must use the proceeds for sewer system planning. We scanned the Budgetary Posting Journal and noted the Village expended the loan proceeds on sewer planning activities.

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 History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll History Report 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 History Report. We found no exceptions.
 - c. We determined whether the fund and account code to which the check was posted were reasonable based on the employees' duties as documented in the minute 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)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2013	January 15, 2013	\$519	\$519
State income taxes	January 31, 2013	January 15, 2013	\$138	\$138
OPERS retirement	January 30, 2013	December 31, 2012	\$447	\$447

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Budgetary Posting Journal 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 Budgetary Posting Journal 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 nine instances where disbursements requiring certification were not certified. 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 estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Report for the General, Fire Levy and Water Funds 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, Fire Levy and Water 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 Expense Report for 2012 and 2011 for the following funds: General, Fire Levy and Water. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense 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, Fire Levy and Water Funds 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, Fire Levy and Water Fund, as recorded in the Expense Report. We noted that General Fund expenditures for 2011 exceeded total appropriations by \$310, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue 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 Reports and Expense Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers.
8. We inquired of management and scanned the Expense 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 Budgetary Posting Journal 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, 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

May 2, 2013



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VILLAGE OF ZALESKI

VINTON 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