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**VILLAGE OF FRAZEYSBURG
MUSKINGUM COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2016 and 2015**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Frazeytsburg
7 W. Second Street
Frazeytsburg, Ohio 43822

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Frazeytsburg, Muskingum County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2015 through December 31, 2016. 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 Frazeytsburg is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

May 8, 2017

VILLAGE OF FRAZEYSBURG
MUSKINGUM COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

April 11, 2017

Village of Frazeytsburg
Muskingum County
7 W. Second Street
Frazeytsburg, Ohio 43822

To the Village Council, Mayor, and Management:

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the **Village of Frazeytsburg**, Muskingum County, Ohio (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, 2016 and 2015, 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 and Investments

1. We tested the mathematical accuracy of the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) to the December 31, 2014 balances in the prior year audited statements. We noted the Village voided checks written in 2014 during 2015, which caused beginning fund balance to be greater than ending fund balance by \$1,492. We also agreed the January 1, 2016 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) to the December 31, 2015 balances in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis). We noted the Village voided checks written in 2015 during 2016, which caused beginning fund balance to be greater than ending fund balance by \$419. We noted no other exceptions.

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Cash and Investments (Continued)

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Cash Summary by Fund. The amounts agreed.
4. We confirmed the December 31, 2016 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, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. 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 interbank account transfers occurring in December of 2016 and 2015 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2016 and December 31, 2015 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 and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. 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 Revenue Ledger to determine whether it included two real estate tax receipts for 2016 and 2015. 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 2016 and five from 2015. We also selected five receipts from the Muskingum County Auditor's Detail Expense Report from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. 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 obtained the December 31, 2016 and 2015 Total Distributions Statement of Income and Expenditures reports submitted by the Central Collection Agency (CCA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Revenue Ledger. We noted the amount recorded in the Revenue Ledger for 2016 was \$643 greater than the report provided by CCA. We noted no other exceptions.

Water Operating, Sewer Operating and Storm Water Funds

1. We haphazardly selected 10 Water Fund, Sewer Fund and Storm Water Fund collection cash receipts from the year ended December 31, 2016 and 10 Water Fund, Sewer Fund and Storm Water Fund collection cash receipts from the year ended 2015 recorded in the Revenue Ledger and determined whether the:
 - a. Receipt amount per the Daily Deposit Slip agreed to the amount recorded to the credit of the customer's account in the Customer Transaction Summary. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer History 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 funds, and was recorded in the year received. We found no exceptions.
2. We read the Aged Receivables Report.
 - a. We noted this report listed \$70,691 and \$38,662 of accounts receivable as of December 31, 2016 and 2015, respectively.
 - b. Of the total receivables reported in the preceding step, \$17,720 and \$15,028 were recorded as more than 90 days delinquent.
3. We read the Transaction List Adjustment Report.
 - a. We noted this report listed a total of \$23,587 and \$17,032 non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.
 - b. We selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and noted all adjustments selected were not approved. We recommend the Village implement a formal approval policy for all adjustments made to accounts.

Debt

1. From the prior audit documentation, we noted the following loans and bonds outstanding as of December 31, 2014. These amounts agreed to the Villages January 1, 2015 balances on the summary we used in step 3.

Debt (Continued)

Issue	Principal outstanding as of December 31, 2014:
1573 OWDA – 1990 Sewer Loan	\$11,536
2001 OPWC – Storm Sewer Project	\$13,193
4163 OWDA – 2004 Lift Station Loan	\$47,727
6038 OWDA – Storm Water Improvements	\$186,223
2005 USDA Rural Development Loan A	\$683,600
2005 USDA Rural Development Loan B	\$136,500
2005 USDA Rural Development Loan C	\$380,500
2010 OPWC – Water Treatment Plant Improvements	\$117,461

2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of the debt activity for 2016 and 2015 and agreed principal and interest payments reported from the related debt amortization schedules to the Sewer Operating Fund, Storm Water Fund, Sewer Plant Upgrade Fund, Sewer Surcharge Debt Service Fund and USDA Water Debt Service Fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Village made the payments. We noted a \$39 interest charge on the pay-off of an OWDA loan was improperly recorded as Principal Retirement instead of Interest and Other Fiscal Charges. We noted no other exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Water Fund, Sewer Fund and Storm Water Fund per the Revenue Ledger. The amounts agreed.
5. For new debt issued during 2016 and 2015, we inspected the debt legislation, noting the Village must use the proceeds to purchase an excavator. We scanned the Appropriation Ledger and noted the Village purchased an excavator in December 2016.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Employee History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Reports to supporting documentation (timecard, legislatively approved rate or salary). 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 personnel files or minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to determine whether the remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employers share, where applicable, during the final withholding period of 2016. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	December 30, 2016	\$ 3,046.06	\$ 3,046.06
State income taxes	January 17, 2017	December 29, 2016	\$ 496.81	\$ 496.81
Village of Frazeyburg income tax	January 31, 2017	January 4, 2017	\$ 242.79	\$ 242.79
School income tax	January 17, 2017	December 29, 2016	\$ 24.78	\$ 24.78
OPERS retirement	January 30, 2017	January 25, 2017	\$ 5,619.57	\$ 5,619.57
OP&F retirement	January 31, 2017	January 25, 2017	\$ 2,576.16	\$ 2,576.16

3. 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 Wage Detail Report:
- 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. We recommend the Village approve a formal policy regarding accrued vacation and pay-out of vacation upon termination and/or retirement.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2016 and ten from the year ended 2015 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 no exceptions.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2016 and December 31, 2015 to the Mayor's Court Agency Fund balance reported in the Cash Summary by Fund. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2016 and 2015 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances 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, 2016 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. 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.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2016 and one month from the year ended 2015 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 Report for the General, Street Construction, Maintenance, and Repair, and Swimming Pool Funds for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the Swimming Pool Fund in 2016. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Swimming Pool Fund of \$56,500. However, the final *Amended Official Certificate of Estimated Resources* reflected \$42,000. 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.

Compliance – Budgetary (Continued)

2. We scanned the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Street Construction, Maintenance, and Repair, and Swimming Pool 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 2016 and 2015 for the following funds: General, Street Construction, Maintenance, and Repair, and Swimming Pool Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report except for the General Fund in 2015. The Appropriation Status Report recorded appropriations in the General Fund of \$294,621 for 2015. However, the approved appropriations reflected \$297,121. We noted no other exceptions.
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, Street Construction, Maintenance, and Repair, and Swimming Pool Funds for the years ended December 31, 2016 and 2015. We noted appropriations did not exceed certified resources except for the Swimming Pool Fund in 2016. The final *Amended Official Certificate of Estimated Resources* reflected \$47,486. However, approved appropriations reflected \$61,847. We noted no other exceptions.
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, 2016 and 2015 for the General, Street Construction, Maintenance and Repair and Swimming Pool 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 Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. 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 2016 and 2015 Revenue Ledger for evidence of interfund transfers exceeding \$3,000 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 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.
9. We scanned the Cash Summary by Fund for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2016 and 2015 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct Village roads (cost of project \$5,000- \$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2016 and 2015. No exceptions noted.

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 and 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



Dave Yost • Auditor of State

VILLAGE OF FRAZEYSBURG

MUSKINGUM 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 18, 2017