



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of South Zanesville  
Muskingum County  
24 East Main Street  
Zanesville, Ohio 43701

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of South Zanesville, Muskingum County, Ohio (the Village), on the receipts, disbursements and balances recorded in the Villages cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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 recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2019 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2020 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, 2020 bank reconciliation without exception. We found that a Police Auxiliary account had been opened during 2020 and the \$320 balance was not included on the Village's bank reconciliation at December 31, 2020. The balance and activity of this account was also not included on the financial statements filed by the Village in the Hinkle System for fiscal year ending December 31, 2020.

### **Cash (Continued)**

5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 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 and determined the debits were dated prior to December 31. There were no exceptions.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2020 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Receipts Register and determined they were dated prior to December 31. We found no exceptions.
7. We inspected the Fund Balance Adjustment Report to determine whether the Findings For Adjustment identified in the prior management letter, due from the General Fund, payable to the Fire & EMS fund, was properly posted to the ledgers and reflected in the fund balances in Procedure 2. We found no exceptions.
8. We traced interbank account transfers occurring in December of 2020 and 2019 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the Muskingum County Expenditure Reports for 2020 and a total of five from 2019:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Register Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2020 and 2019. The Receipt Register Report included the proper number of tax receipts for each year.

### **Income Tax Receipts**

1. We selected five income tax returns filed during 2020 and five from 2019.
  - a. We compared the payment amount recorded on the tax return to the amount recorded on the receipt stub. The amounts agreed.
  - b. We compared the receipt stub total from procedure a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
2. We compared the date of the receipts to the date the receipts was posted in the Receipt Register Report to determine whether the receipts were recorded in the year received. We found no exceptions.

### **Income Tax Receipts (Continued)**

3. We selected five income tax refunds from 2020 and five from 2019.
  - a. We compared the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We observed the approval by the Fiscal Officer on each of the refunds. No exceptions were found.
  - c. We observed the refunds were paid from the General Fund, as is required.

### **Other Receipts**

We selected 10 other receipts from the year ended December 31, 2020 and 10 other receipts from the year ended 2019 and:

- a. Agreed the receipt amount recorded in the Receipt Register Report to supporting documentation. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Receipt Register Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

### **Water and Sewer Funds**

1. We selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2020 and 10 Water and Sewer Fund collection cash receipts from the year ended 2019 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 Summary Cash Journal. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Summary Cash 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 for 2020. However during 2019, we found that the rates used for the billings for all 10 receipts selected did not agree to the rates in force during the period. Discussion with Village management noted that council had decided not to go forward with the rate increase for 2019 as they had planned, however no written evidence could be obtained.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We observed the Aged A/R Report.
  - a. This report listed \$81,851.08 and \$125,463.21 of accounts receivable as of December 31, 2020 and 2019, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$17,913.66 and \$13,057.33 were recorded as more than 90 days delinquent.
3. We observed the utility clerk's Binder of Utility Adjustments.
  - a. This utility clerk's Binder of Utility Adjustments of \$843 and \$5,771 non-cash receipts adjustments for the years ended December 31, 2020 and 2019, respectively.
  - b. We selected five non-cash adjustments from 2020 and five non-cash adjustments from 2019, and observed that the Village Administrator approved each adjustment.

**Debt**

1. From the prior audit documentation, we observed the following bonds, notes, and leases were outstanding as of December 31, 2018. These amounts agreed to the Villages January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
CR18N OPWC – Water Meter Project	\$47,824
CT68S OPWC – Water Plant Upgrade Ph 1	265,422
CT76T OPWC – Water Plan Upgrade Ph 2	144,000
1084700603 – PNC Municipal Bldg Bonds	172,500
1094110416995 – 26 W. LaSalle	35,822
1094110421439 – Water Plant	340,323
4009991 – Maint. Truck	55,408
4012410 – Ambulance	<u>136,245</u>
Total	<u>\$1,197,544</u>

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds, notes, loans, and leases debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedules or bank invoices 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 General, Street Construction Maintenance and Repair, and Fire Levy Funds per the Receipt Register Report. The amounts agreed, except we noted one bank loan for which proceeds were not recorded in the amount of \$13,275.
5. For new debt issued during 2020 and 2019, we inspected the debt legislation, which stated the Village must use the proceeds to pave a road and make the following purchases: fire turnout gear, a building, a maintenance truck, an ambulance. We inspected the Payment Register Detail Report and debt documents, and observed the Village paid for road paving in July 2019, purchased turnout gear in July 2019, purchased a building in June 2020, purchased a maintenance truck in March 2020, and purchased an ambulance in May 2020.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
    - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
    - ii. We agreed these items to the information used to compute gross and net pay related to this check.
 We found no exceptions.

**Payroll Cash Disbursements (Continued)**

- b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the Wage Detail Reports. We found no exceptions.
  - c. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 to confirm 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 2020. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2021	December 31, 2020	\$924	\$924
State income taxes	January 15, 2021	December 31, 2020	\$1,112	\$1,112
Village of South Zanesville income tax	January 31, 2021	December 31, 2020	\$769	\$769
Zanesville City income tax	January 15, 2021	December 31, 2020	\$28	\$28
OPERS retirement	January 30, 2021	December 31, 2020	\$6,217	\$6,217
OP&F retirement	January 31, 2021	December 31, 2020	\$2,176	\$2,176

**Non-Payroll Cash Disbursements**

We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 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 § 5705.41(D). We found no exceptions.

**Mayors Court Transactions and Cash Balances**

- 1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
- 2. We compared the reconciled cash totals as of December 31, 2020 and December 31, 2019 to the Mayor's Court Fund balance reported in the Mayor's Court Cash Book. The balances agreed.
- 3. We agreed the totals per the bank reconciliations to the total of December 31, 2020 and 2019 listing of unpaid distributions as of each December 31. The amounts agreed.

### **Mayors Court Transactions and Cash Balances (Continued)**

4. We confirmed the December 31, 2020 bank account balance with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2020 bank reconciliation without exception.
5. We 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 selected one month from the year ended December 31, 2020 and one month from the year ended 2019 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. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code § 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General, State Highway and Sewer Operating fund, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
2. We inspected all interfund transfers from 2020 and 2019 Revenue Status Reports and Appropriation Status Reports for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner.
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) 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. There were no funds having negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Village's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.



**Sunshine Law Compliance (Continued)**

2. We selected five public records requests from the engagement period and inspected each request to determine the following:
  - a. The Village was compliant and responded to the request in accordance with their adopted policy as required by Ohio Rev. Code § 149.43(B)(1). We found no exceptions.
  - b. The Village did not have any denied public records requests during the engagement period.
  - c. The Village did not have any public records requests with redactions during the engagement period.
3. We inquired whether the Village had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code §§ 149.43(B)(2) and 149.43(B)(3). We found no exceptions.
4. There was no written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. We inspected the Village's policy manual and determined the public records policy was not included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected individual training certificates and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We noted that there was no evidence that two officials had attended this training for their terms ending during the engagement period.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting.
  - b. Filed – placed with similar documents in an organized manner.
  - c. Maintained - retained, at a minimum, for the engagement period.
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.

### **Sunshine Law Compliance (Continued)**

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

### **HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance**

1. We inquired of management and those charged with governance and documented how the Village decided to spend their CRF allocations and how the Village evaluated and documented their compliance with the CARES Act three-prong test. We then selected five payroll, non-payroll, and subgrant/subloan transactions. and determined the Village:
  - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
  - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We inquired with management and inspected the Appropriation Status Report and Fund Ledger Report to determine the local government did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.

### **Other Compliance**

1. Ohio Rev. Code § 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer and inspected the Fiscal Integrity Act Portal to determine whether the fiscal officer obtained the training required by Ohio Rev. Code § 507.12 and 733.81. The Fiscal Officer obtained the required training.
3. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list(s) of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policy(ies) obtained above and determined they/are:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the entity.We found no exceptions.

**Other Compliance (Continued)**

- b. We selected 1 credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
  - i. Use was by an authorized user within the guidelines established in the policy, and
  - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
  - i. No unpaid beginning balance was carried forward to the current billing cycle,
  - ii. Ending statement balance was paid in full, and
  - iii. Statement contained no interest or late fees.We found no exceptions.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 20, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF SOUTH ZANESVILLE**

**MUSKINGUM COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 6/3/2021**

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