



Mary Taylor, CPA
Auditor of State

VILLAGE OF BROUGHTON
PAULDING COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Broughton
Paulding County
7774 Broughton Pike
Paulding, Ohio 45879-9613

To the Members of Council:

We have performed the procedures set forth below – each of which the Council of the Village of Broughton (the Council), its Mayor and the management of the Village of Broughton (the Village) have agreed -- solely for purposes of assisting the Council and the Mayor in evaluating receipts, disbursements, balances recorded in the Village's cash-basis accounting records for the years ended December 31, 2009 and 2008, and certain compliance requirements related to these transactions and balances. While the Village's management is responsible for recording transactions, management, the Mayor, and/or the Council are responsible for abiding by 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, 2009 and 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Fund Status Report to the December 31, 2007 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the totals of the December 31, 2009 and 2008 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2009 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, 2009 bank reconciliation without exception.

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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 2009 and one for 2008:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report. The amounts agreed for 2008; however, we found that for 2009 the receipt had been erroneously posted as the net amount of \$2,975 rather than the gross amount of \$3,141.
 - b. We determined whether the receipts were allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05, 5705.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. The receipts were recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2009 and 2008:
 - a. Two personal property tax receipts
 - b. Two real estate tax receiptsAfter confirming with the Paulding County Auditor that there was only one personal property tax payment in 2009, we noted the Receipts Register Report included the proper number of tax settlement receipts for each year,
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2009 and five from 2008.
 - a. We compared the payment amount from the DTL 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 that the December 2008 payments of Gasoline Tax (\$304.36) and Motor Vehicle License Tax (\$164.89) were not posted until January 2009.

Debt

1. We asked the Village's management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2009 or 2008, or, outstanding as of December 31, 2009 or 2008. All debt, existing at January 1, 2008, agreed to the debt note disclosure in the prior year audited financial report. We noted new debt, issued in 2009, which had not been recorded in the Village's ledgers.
2. We obtained a summary of (a) note debt activity for 2009 and 2008, and (b) agreed principal and interest payments from the related debt amortization schedule to General fund payments reported in the Payment Register Detail Report. We compared the date the debt service payments were due to the date the Village made the payments. We found that the Village had erroneously recorded the interest portion of the payments, totaling \$30 in 2009 and \$112 in 2008, as reductions in principal.
3. The Village failed to record new note debt proceeds totaling \$3,270, which was received in 2009 from a local financial institution. The financial institution issued cashiers' checks, on behalf of the Village, to a contractor hired to make improvements on the Village's hall.

4. For new debt issued during 2009, we inspected the debt legislation, and noted that the Village must use the proceeds to make roof repairs on the Village's hall. We inspected copies of the financial institution's cashiers' checks, which were issued on behalf of the Village to a contractor hired to make these improvements to the Village's hall.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Employee Earnings Register and determined whether the following information in the employees' personnel files and the Village's Salary Resolutions 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 and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State and 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.

2. We tested the checks we selected in step 1 in the following manner:
 - a. We compared the salary amount used in computing gross pay to supporting documentation (legislatively-approved salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. 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 employees' personnel files and the Village's Salary Resolutions. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld during the final withholding period of 2009. We noted the following:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income and FICA taxes (withholding plus employer share)	January 31, 2010	February 6, 2010	497.25	497.25

As noted above, the Village was late in remitting the federal taxes due on its 2009 payroll.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2009 and ten disbursements from the year ended December 31, 2008 to determine 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 duplicate 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 noted eleven instances where the certification date was after the vendor invoice date and there was no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certification at the time of a commitment, which should precede the invoice date.

Compliance – Budgetary

1. We compared the total amounts 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 Fire/EMS funds for the years ended December 31, 2009 and 2008. The amounts agreed for the year ending December 31, 2009; however, we noted the following variances for the year ending December 31, 2008:

Fund	2008 - Estimated Resources		
	Approved	Reported	Variance
General Fund	\$ 4,600	\$ 1,975	\$ 2,625
Street Construction, Maint. and Repair	-	4,902	(4,902)
Fire/EMS	1,628	3,352	(1,724)

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 for the monitoring of spending.

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine if the Council separately appropriated 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), for the General, Street Construction, Maintenance and Repair and Fire/EMS funds. We found no exceptions.
3. We compared total appropriations, as required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2009 and 2008 for the following funds: General, Street Construction, Maintenance and Repair and Fire/EMS. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report for 2009; however, we noted the following variances for 2008:

Fund	2008 - Appropriations		
	Approved	Reported	Variance
Street Construction, Maint. and Repair	35,600	35,500	100
Fire/EMS	12,700	12,650	50

The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the approved appropriation measures to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and for the monitoring of spending.

4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding certified resources. We compared total appropriations to total certified resources for the General, Street Construction, Maintenance and Repair and Fire/EMS funds for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 for the General, Street Construction, Maintenance and Repair and Fire/EMS 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 Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also asked management if the Village received new restricted receipts. The Village was the recipient of \$13,100 in Community Development Block Grant (C.D.B.G.) funds, which were expended by Paulding County, on behalf of the Village, directly for the services of a certain contractor during 2009. The Village failed to record this activity in its ledgers.
7. We scanned the 2009 and 2008 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers. We found no evidence of transfers being made.
8. We asked 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 such reserve accounts.

Compliance – Contracts and Expenditures

1. We asked management and scanned the Payment Register Detail Report for the years ended December 31, 2009 and 2008 to determine whether the Village made procurements for material or labor exceeding \$25,000 for which competitive bidding is required under Ohio Rev. Code Section 731.14. We identified no purchases subject to the aforementioned bidding requirements.
2. We asked management and scanned the Payment Register Detail Report for the years ended December 31, 2009 and 2008 to determine whether the Village had road construction projects exceeding \$30,000 for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or an 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 that expresses 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 and is not intended to, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

March 16, 2010



Mary Taylor, CPA
Auditor of State

VILLAGE OF BROUGHTON

PAULDING 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
APRIL 8, 2010