



**SOUTH BLOOMFIELD TOWNSHIP  
MORROW COUNTY**

**AGREED-UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**



**Dave Yost • Auditor of State**





# Dave Yost • Auditor of State

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

Board of Trustees  
South Bloomfield Township  
Morrow County, Ohio  
1575 Township Road 205  
Marengo, Ohio 43334

We have performed the procedures enumerated below, with which the Board of Trustees and the management of South Bloomfield Township, Morrow County, Ohio, (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board 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, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Cash Journal to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2010 bank reconciliation without exception.
5. We selected five reconciling debits (outstanding checks) haphazardly from the December 31, 2010 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
  - b. We traced the amounts and dates written to the cash journal, to determine the debits were dated prior to December 31. We noted no exceptions.

**Cash (Continued)**

6. We selected all four reconciling credits (deposits in transit) from the December 31, 2010 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 Cash Journal. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

**Property Taxes and Intergovernmental Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2010 and one from 2009:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt 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 Receipt Journal to determine whether it included the proper number of tax receipts for 2010 and 2009:
  - a. Two personal property tax receipts in 2010 and one personal property tax receipt in 2009.
  - b. Two real estate tax receipts in each year.

We noted the Receipts Journal included the proper number of tax settlement receipts for 2010. We also noted the Receipts Journal included two real estate and one personal property tax settlement receipts for 2009. We scanned the County Vendor History from 2009 and noted that the County only sent one personal property tax settlement receipt to the Township in 2009.
  
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2010 and all from 2009. We also selected five receipts from the County Vendor History from 2010 and five from 2009.
  - a. We compared the amount from the DTL or County Vendor History to the amount recorded in the Receipt 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.

**Debt**

1. From the prior audit report, we noted the following loan outstanding as of December 31, 2008. This amount agreed to the Township's January 1, 2009 balance on the summary we used in step 3.

<u>Issue</u>	<b>Principal outstanding as of December 31, 2008:</b>
OPWC Cap Project Loan	\$35,844

2. We inquired of management, and scanned the Receipts Journal and Appropriation Ledger for evidence of debt issued during 2010 or 2009 or debt payment activity during 2010 or 2009. All debt noted agreed to the summary we used in step 3.

**Debt (Continued)**

3. We obtained a summary of debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to Gasoline Tax Fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Gasoline Tax fund per the Receipt Journal. The amounts agreed.
5. For new debt issued during 2010, we inspected the debt legislation, noting the Township must use the proceeds to purchase a dump truck. We scanned the Appropriation Ledger and noted the Township purchased a dump truck in December of 2010, thus expending all the bond proceeds.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Appropriation Ledger and:
  - a. We compared the hours and pay rate, or salary recorded in the Appropriation Ledger 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 Appropriation Ledger. 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 required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For the new employee selected in step 1 we determined whether the following information in the employee's file 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 funds 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, 2010 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 of 2010. We noted 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	January 31, 2011	December 30, 2010	\$984	\$984
State income taxes	January 15, 2011	December 30, 2010	\$186	\$186
Local income tax	January 31, 2011	December 30, 2010	\$50	\$50
OPERS retirement	January 30, 2011	December 30, 2010	\$1,212	\$1,212

### Payroll Cash Disbursements (Continued)

4. For the pay periods ended March 11, 2010 and August 6, 2009 we compared documentation and the recomputation supporting the allocation of Board salaries to the General and Gasoline Tax Funds. We found no exceptions.
5. For the pay periods described in the preceding step, we traced Board time or services performed to time or activity sheets. We found no exceptions.

### Non-Payroll Cash Disbursements

1. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements, and checks recorded as Gasoline Tax fund disbursements for 2010. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2010 and ten from the year ended 2009 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 the following exception.

O.R.C. 145.12 provides that "The....board of township....may reimburse the fund from which such appropriation is made by transferring to such fund from any other fund of such subdivision the proportionate amount of such appropriation that should be chargeable to such fund whether such fund is derived from taxation or otherwise." The Township Handbook states that "such payment may be made directly out of any funds, whether derived from taxation or otherwise, from which the salaries or compensation of employees, on account of whom such payments are to be made, are payable".

The entire Board share of retirement in the amount of \$6,092 and \$5,645 was paid from the Motor Vehicle License Tax fund in 2009 and 2010, respectively; however, all salaries during 2009 and 2010 were paid from the General and Gasoline Tax funds. The Board share of retirement in the amount of \$2,967 and \$2,711 should have been charged to the General fund in 2009 and 2010, respectively, and \$3,125 and \$2,934 should have been charged to the Gasoline Tax fund in 2009 and 2010, respectively.

The Township has posted these adjustments to the accounting records. Because we did not test all disbursements, our report provides no assurance whether or not additional similar errors occurred.

- d. We found seven 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 obligation 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 amounts from the *Amended Official Certificate of Estimated Resource*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipts Journal for the General, Gasoline Tax and Motor Vehicle License Tax funds for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Gasoline Tax and Motor Vehicle License Tax funds, the Trustees 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 Ledger for 2010 and 2009 for the following funds: General, Gasoline Tax, and Motor Vehicle License Tax funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Motor Vehicle License Tax funds for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 for the General, Gasoline Tax and Motor Vehicle License Tax fund, as recorded in the Appropriation Ledger. 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 Receipts Journal for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2010 and 2009 Receipts Journal and Appropriation Ledger for evidence of interfund transfers 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 Ledger to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.

### Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statutes:
  - a. Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000 (Ohio Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Rev. Code Section 511.12)
  - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Rev. Code Sections 505.37 to 505.42)
  - d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Rev. Code Section 515.07)
  - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
  - f. Private sewage collection tile costs exceeding \$25,000 (Ohio Rev. Code Sections 521.02 to 521.05)
  - g. Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000 (Ohio Rev. Code Section 505.37(A))
  - h. Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
  - i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Rev. Code Section 5575.01)

We identified a road maintenance project exceeding \$45,000, subject to Ohio Rev. Code Section 5575.01. For this project, we noted that the Board advertised the project in a local newspaper, and selected the lowest responsible bidder.

2. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2010 and 2009 to determine if the Township 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 township 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.

We did not receive a response from Officials to the exceptions reported above.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township'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, the Board of Trustees, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State

August 25, 2011





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**SOUTH BLOOMFIELD TOWNSHIP**

**MORROW 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  
SEPTEMBER 13, 2011**