



Dave Yost • Auditor of State





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

Swanecreek Township  
Fulton County  
5565 County Road D  
Delta, Ohio 43515-9619

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Swanecreek Township, Fulton 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). Government Auditing Standards considers this service to impair the independence of the Auditor of State to provide attest services to the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, Government Auditing Standards permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations.

For 2010, the Investment balance for \$1,439,796 reported on the UAN Primary Bank Reconciliation did not agree with the Star Ohio statements in the amount of \$1,305,341 resulting in a difference of (\$134,455). The Fiscal Officer posted net adjustments to receipts for \$138,741 to Fund 4401 OPWC Construction Fund in an effort to post OPWC on behalf funding. The adjusted amount reflected the actual disbursements made by the Township for its share of the project, and not the \$135,000 that the Township should have recorded as revenues and expenditures for the on-behalf amount funded by OPWC. The remaining difference is \$4,286, where the Star Ohio statements appear to be greater than the Investment balance reported in UAN.

For 2009, the Investment balance for \$1,365,933 reported on the UAN Primary Bank Reconciliation did not agree with the Star Ohio statements for \$1,370,254 resulting in a difference of \$4,321. We recommended the Township reconcile its accounts. The Fiscal Officer has made the adjustments to correct the Investment balance.

2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report 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 Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation with the following exception.

For 2010, the Investment balance for \$1,439,796 reported on the UAN Primary Bank Reconciliation did not agree with the Star Ohio statements in the amount of \$1,305,341 resulting in a difference of (\$134,455). The Fiscal Officer posted net adjustments to receipts for \$138,741 to Fund 4401 OPWC Construction Fund in an effort to post OPWC on behalf funding. The adjusted amount reflected the actual disbursements made by the Township for it's share of the project, and not the \$135,000 that the Township should have recorded as revenues and expenditures for the on-behalf amount funded by OPWC. The remaining difference is \$4,286, where the Star Ohio statements appear to be greater than the Investment balance reported in UAN. We recommended the Township reconcile it's accounts. The Fiscal Officer has made the adjustments to correct the Investment balance. See step 1 above.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates written 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 2010 and 2009 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, 2010 and December 31, 2009 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, Intergovernmental and Other Confirmable Cash 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 Revenue Ledger Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s) 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 Report to determine whether it included the proper number of tax receipts for 2010 and 2009:
- a. Two personal property tax receipts
  - b. Two real estate tax receipts

We noted the Revenue Ledger 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 2010 and five from 2009. We also selected five receipts from the County Auditor's Expense Transaction Ledger from 2010 and five from 2009.
- a. We compared the amount from the State DTL and the County Auditor's Expense Transaction Ledger to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). 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 Public Works Commission (OPWC) on behalf of the Township with the Ohio Public Works Commission Website. Amounts are paid directly to the contractor by OPWC on behalf of the Township
- a. We determined whether these receipts were allocated to the proper fund. We found no exceptions in 2009. These revenues were not posed in 2010.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions in 2009. These revenues were not posed in 2010.

In 2010, the Township did not record the receipts and expenditure activity for this grant on the Township's financial statements for \$135,500. We recommended the Township record the receipts and expenditures for this activity. We also recommended the Township include the amount on the Certificate of Estimated Resources and record both the estimated receipts and the appropriations.

**Debt**

1. From the prior audit report, we noted the following notes outstanding as of December 31, 2008. These amounts agreed to the Townships January 1, 2009 balances on the summary we used in step 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2008:</b>
General Obligation Note	\$74,000

2. We inquired of management, and scanned the Revenue Ledger Report and Appropriations Ledger Report 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.
3. We obtained a summary of note debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Appropriations Ledger Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

**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 Payroll Register Detail Report and:
  - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' time sheets. 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, 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 <u>Due</u></b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2011	December 31, 2010	\$1,304	\$1,304
State income taxes	January 15, 2011	December 31, 2010	336	336
Local School District Income tax	January 18, 2011	December 31, 2010	91	91
Village of Swanton Income tax	January 31, 2011	December 31, 2010	238	238
OPERS retirement	January 30, 2011	December 31, 2010	3,543	3,543

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended December 31, 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 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 found no exceptions.

**Compliance – Budgetary**

1. We compared the total amounts from the *Amended 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, Gasoline Tax, and Cemetery funds for the years ended December 31, 2010 and 2009.

The amounts on the *Amended Certificate* did not agree to the amount recorded in the accounting system, for the General Fund, Gasoline Tax, and Cemetery Funds. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund, Gasoline Tax and Cemetery funds of \$299,806, \$105,450, and \$42,600, respectively for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$241,358, \$96,000, and \$43,000 for the General fund, Gasoline Tax, and Cemetery funds, respectively for 2010.

For 2009 the amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$322,083. However, the final *Amended Official Certificate of Estimated Resources* reflected \$212,074.

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 Trustees may be using inaccurate information for budgeting and monitoring purposes.

2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Gasoline Tax, and Cemetery 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 Status Report for 2010 and 2009 for the following funds: General fund, Gasoline Tax, and Cemetery funds. We found no exceptions.
4. Ohio Rev. Code, Section 5705.39, prohibits appropriations from exceeding the certified resources. We compared total appropriations reported in UAN accounting software to total certified resources for the General, Gasoline Tax, and Cemetery 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 Cemetery 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, 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 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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 Reports 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 and Expenditures

1. We inquired of management and scanned the Payment Register Detail report 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 no purchases subject to the aforementioned bidding requirements.

2. We inquired of management and scanned the Payment Register Detail Report 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.

### Officials' Response:

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, those charged with governance, and others within the Township, 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

July 13, 2011



# Dave Yost • Auditor of State

**SWANCREEK TOWNSHIP**

**FULTON 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  
AUGUST 16, 2011**