



Mary Taylor, CPA
Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Smith Township
Mahoning County
846 N. Johnson Road
Sebring, Ohio 44762

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Smith Township (the Township) agree, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2009 and 2008, 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 will only describe exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Cash Summary by Fund Reports to the December 31, 2007 ending fund balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations for the years ended December 31, 2009 and 2008 to the total of the December 31, 2009 and 2008 fund cash balances reported in the Cash Summary by Fund Reports. The amounts agreed.
4. We confirmed the December 31, 2009 bank account balance with the Township'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.
5. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.

Cash and Investments – (Continued)

6. We tested investments held at December 31, 2009 and December 31, 2008 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 2009 and one from 2008:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We also traced the advances noted on the Statement to the Receipt Register 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 Receipt Register Report to determine whether it includes the proper number of tax receipts for 2009 and 2008:
 - a. Two personal property tax receipts
 - b. Two real estate tax receipts, plus one advance.We noted the Receipts Register Report includes 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 receipts from the DTL from 2008.
 - a. We compared the amounts from the DTL to the amounts 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) to the Township during 2008 with the on-line OPWC confirmation. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2009 and 10 over-the-counter cash receipts from the year ended December 31, 2008 recorded in the duplicate cash receipts book in the General Fund only and determined whether the:

- a. Receipt amounts agree to the amounts recorded in the Receipt Register Report. The amounts agreed.
- b. Amounts charged comply with rates in force during the period. We found no exceptions.
- c. Receipts were posted to the proper fund(s), and were recorded in the proper year. We found no exceptions

Debt

1. We inquired of management, and scanned the Receipt Register Report and Payment Register for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or December 31, 2008. There was no evidence of any debt.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 in the Employee Detail Adjustment Report and determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to each check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) 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.

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (statutorily-approved rate). We found no exceptions.
 - b. We determined whether the fund and account code(s) to which the checks were posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also determined whether the payments were 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 the remittance was timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. No exceptions were noted.
4. For the pay periods ended March 26, 2009 and August 26, 2008 we compared documentation and the re-computation supporting the allocation of Board salaries to the General Fund and Road Fund. We found no exceptions.

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 Payment Register Detail Report for the year ended December 31, 2008 and determined whether:
 - a. The disbursements were for a proper public purpose.
 - b. The check numbers, dates, payee names and amounts recorded on the returned, canceled checks agreed to the check numbers, dates, payee names and amounts recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices.
 - c. The payments were posted to a fund consistent with the restricted purpose for which the funds' cash can be used.
 - 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 related to steps a.-d.

Compliance – Budgetary

1. We compared the totals 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 Fund, Gasoline Tax Fund, and Police Fund for the years ended December 31, 2009 and 2008.

The amounts in the Gasoline Tax Fund agreed for 2009 and 2008. The amounts recorded in the 2009 Revenue Status Report for the General Fund and Police Fund were \$309,761 and \$378,285 respectively. The totals from the 2009 final Amended Official Certificate of Estimated Resources for the General Fund and Police Fund were \$306,029 and \$371,217, respectively. Also, the amounts recorded in the 2008 Revenue Status Report for the General Fund and Police Fund were \$271,261 and \$378,540 respectively. The totals from the 2008 final Amended Official Certificate of Estimated Resources for the General Fund and Police Fund were \$272,002 and \$351,988, respectively.

The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the Amended Official Certificate of Estimated Resources. If these amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Special Revenue and Capital Project 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 Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2009 and 2008 for the following funds: General Fund, Gasoline Tax Fund and Police Fund. We found no exceptions.
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 Police Funds for the years ended December 31, 2009 and 2008. We found no exceptions.

Compliance – Budgetary – (Continued)

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, Gasoline Tax and Police 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 the years ended December 31, 2009 and 2008. We also inquired of management 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 2009 and 2008 Revenue Status Reports and Appropriation Status Reports for evidence of inter-fund transfers exceeding \$1,000 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 that the Township did not establish these reserves.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2009 and 2008 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))

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, 2009 and 2008 to determine if the township had road construction projects exceeding \$45,000 for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate).

Compliance – Contracts & Expenditures – (Continued)

We identified no road construction projects that would require the county engineer to complete a force account assessment form.

Officials' Response

The County Auditor provides the Original Certificate of Estimated Resources figures, however, when an amendment is made by the Township to a given Fund and line item the County Auditor's Office changes all of the numbers on the Amended Certificate of Estimated Resources, including Other Sources with no explanation. The changes made by the County Auditor do not have any explanation and do not seem reasonable based on Township Revenue history, therefore the fiscal officer utilizes the Original Certificate of Estimated Resources figures for all amounts other than those that were asked to be updated.

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 perform additional procedures, other matters might come to our attention that would be 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 be, and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 31, 2009



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SMITH TOWNSHIP

MAHONING 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
JULY 27, 2010