

**VILLAGE OF BOLIVAR**

**TUSCARAWAS COUNTY**

**JANUARY 1, 2008 TO DECEMBER 31, 2009**

**AGREED UPON PROCEDURE**

**REA & ASSOCIATES, INC.**





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

May 25, 2010

Village of Bolivar  
Tuscarawas County  
P.O. Box 117  
Bolivar, Ohio 44612

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Bolivar (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor 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, the Mayor, and / or the Council 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 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 Fund History 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 total of the December 31, 2009 and 2008 fund cash balances reported in the Fund History 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.
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 or February bank statements. 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 Revenue History Report. 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 Revenue History 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 receiptsWe noted the Revenue History 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 amount from the DTL to the amount recorded in the Revenue History 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 no exceptions.

### **Income Tax Receipts**

1. We selected five income tax returns filed during 2009 and five from 2008.
  - a. We compared the payment recorded on the tax return to the amount recorded in the Daily Cash Receipts Control Journal. The amounts agreed.
  - b. We compared the Daily Cash Receipts Control Journal total from step a. to the amount recorded as income tax receipts in the Revenue History Report for that date. The amounts agreed.
  - c. We determined whether these receipts were allocated to the proper funds as required by Ordinance 1996-615 through April 2009 and Ordinance O-07-2009 from thereon. We found one instance in May 2008 where the Village Clerk erroneously posted the allocation amount for the street fund in the amount of \$6,355.07 to the general fund. We recommend the Village move these monies back to the street fund to comply with the income tax ordinance.
  - d. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Income Tax Receipts (continued)**

2. We selected five income tax refunds from 2009 and all from 2008.
  - a. We compared the refund paid from Check Register Report to the refund amount requested in the tax return. The amounts agreed.
  - b. We noted each of the refunds was approved by the Village Clerk.
  - c. We noted the refunds were paid from the Income Tax Fund, as is required.

### **Water Fund**

1. We haphazardly selected 10 Water Fund collection cash receipts from the year ended December 31, 2009 and 10 collection cash receipts from the year ended 2008 recorded in the Utility Billing Trial Balance and determined whether the:
  - a. Receipt amount per the Utility Billing Trial Balance agreed to the amount recorded to the credit of the customer's account in the Utility System History Transaction Report. The amounts agreed.
  - b. Amount charged for the related billing period complied with rates in force during the audit period for residential customers. For business customers, amount charged for the related billing period complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We found no exceptions.
  - c. Amount charged was posted as a receivable in the Utility System History Transaction Report for the billing period. We found no exceptions.
  - d. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.
2. We read the Utility Delinquent Billing List.
  - a. We noted this report listed \$7,963 and \$6,202 of accounts receivable as of December 31, 2009 and 2008, respectively.
  - b. Of the total receivables reported in the preceding step, none were recorded as more than 90 days delinquent. If the balances on this report are not paid by the next billing cycle (quarterly), the amounts are sent to the County to be assessed to the resident's property taxes.
3. We inquired of the Village Clerk to determine if a non-cash adjustments report is available for December 31, 2009 and 2008. The Village Clerk stated that no such report exists; adjustments are printed out on the Daily Transaction Reports but are not approved by anyone. We recommend a list detailing non-cash adjustments be presented to the President of the Board of Public Affairs, he signs and dates, and these lists be maintained in a file by the Village Clerk.

### **Debt**

1. We inquired of management, and scanned the Revenue History Report and Check Register Report for evidence of bonded or note debt issued during 2009 or 2009 or outstanding as of December 31, 2009 or 2008. All debt noted agreed to the summary we used in step 2.
2. We obtained a summary of bonded and note debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to general, street maintenance and repair, capital, and water fund payments reported in the Check Register Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

**Debt (continued)**

3. We reviewed the Revenue History Report and noted the Village did not record the debt proceeds for the Huntington Bank Loan, which were used to purchase the police cruiser. We recommend the Village book a memo entry for any new proceeds of debt in the future.
4. For new debt issued during 2009, we inspected the debt legislation, noting the Village must use the proceeds to purchase a 2009 Dodge Charger to be used as a police cruiser. We reviewed the minutes and noted the Village purchased a police cruiser in May of 2009.

**Payroll Cash Disbursements**

1. We randomly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Check Register Report and determined whether the following information in the minute record 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(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. above.

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 (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 payroll register. We found no exceptions.
  - c. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the minute record. 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 that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

<b>Withholding</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Withheld</b>	<b>Amount Paid</b>
Federal income taxes	January 31, 2010	12/29/2009	\$1,453.67	\$1,453.67
State income taxes	January 15, 2010	12/29/2009	323.69	323.69
Village of Bolivar income taxes	January 15, 2010	12/29/2009	150.91	150.91
OPERS retirement (withholding plus employee share)	January 30, 2010	12/29/2009	1,157.50	1,157.50

**Non-Payroll Cash Disbursements**

1. We randomly selected ten disbursements from the Check Register Report for the year ended December 31, 2009 and ten from the year ended 2008 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 Check Register 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 two instances in 2008 and one instance in 2009 where the certification date was after the vendor invoice date. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

**Compliance – Budgetary**

1. We compared the total from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Monthly Financial Report for the General, Street Construction Maintenance and Repair and Water funds for the years ended December 31, 2009 and 2008, noting the following variances:

Fund	2008 - Estimated Resources		
	Amount per Certificate	Amount per System	Variance
General	\$ 214,810	\$ 215,837	\$ (1,027)

  

Fund	2009 - Estimated Resources		
	Amount per Certificate	Amount per System	Variance
General	\$ 189,623	\$ 165,341	\$ 24,282
Water	134,145	167,570	(33,425)

The fiscal officer should periodically compare amounts recorded in the Monthly Financial 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 to monitor spending.

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Street Construction Maintenance and Repair and Water funds, the Council 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.

### **Compliance – Budgetary (continued)**

3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Monthly Financial Report for 2009 and 2008 for the following funds: General, Street Construction Maintenance and Repair and Water. The amounts on the appropriation resolutions agreed to the amounts recorded in the Monthly Financial Report.
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, Street Construction Maintenance and Repair and Water 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 Water funds, as recorded in the Monthly Financial 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 Revenue History Report for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the Capital fund during 2008 to segregate monies donated, raised or which come from grants for the canal/parks/downtown.
7. We scanned the 2009 and 2008 Revenue History Report and Budget History Report 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 Budget History Report 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 these reserves.

### **Compliance – Contracts & Expenditures**

1. We inquired of management and scanned the Check Register Report for the years ended December 31, 2009 and 2008 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified a paving project exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For this project, we noted that the Council advertised the project in a local newspaper, and selected the lowest responsible bidder. We noted that all contract payments were made by the Village in the amount of \$43,453.70.

2. We inquired of management and scanned the Check Register Report for the years ended December 31, 2009 and 2008 to determine if 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 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.



### **Compliance – Contracts & Expenditures (continued)**

3. For the paving project described in step 1 above, we read the contract and noted that it did not include the proper prevailing wage language as required by Ohio Rev. Code Sections 4115.04 and 4115.05. For all future contracts, we recommend including the required prevailing wage language, when applicable.

### **Officials' Response**

1. The Village Clerk has posted an entry in May 2010 to correct the income tax allocation entry from May 2008.
2. Any adjustments made for the utility department will be presented to the Board of Public Affairs, in report form, and be initialed by the BPA President.
3. The Village Clerk will book, as a memo entry, any new proceeds of loans in the future.
4. The Village Clerk and the Finance Committee will watch purchase orders closer to make sure they are secured before the purchase or they will be marked as Then and Now.
5. Depending on the timing of the final December meeting, the Finance Committee will continue to monitor the system amounts comparing then to the estimated resources report.
6. Any future contracts over \$25,000, the Village will verify the prevailing wage information is included, if applicable.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of 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 the Auditor of State and is not intended to be, and should not be used by anyone other than these specified parties.

*Hea & Associates, Inc.*





Mary Taylor, CPA  
Auditor of State

VILLAGE OF BOLIVAR

TUSCARAWAS 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 15, 2010