



Dave Yost • Auditor of State

VILLAGE OF CLOVERDALE
PUTNAM COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Cloverdale
Putnam County
P.O. Box 37
Cloverdale, Ohio 45827-0037

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Cloverdale, Putnam County (the Village) 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, 2010 and 2009, 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, 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 balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.
5. We selected the reconciling debit (such as an outstanding check) haphazardly from the December 31, 2010 bank reconciliation:
 - a. We traced the debit to the subsequent January bank statement. We found no exceptions.

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- b. We traced the amount and date written to the check register, to determine the debit was dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2010 and December 31, 2009 to determine 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.

Intergovernmental and Other Confirmable Cash Receipts

1. 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 DTLs from 2010 and five from 2009.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Ledger. 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.
2. We confirmed the amounts paid from the Ohio Public Works Commission to the Village during 2010 with the Commission. We found the Village did not record on-behalf payments of \$56,738 paid by the Ohio Public Works Commission to a contractor. We recommend the Fiscal Officer follow Auditor of State Audit Bulletin 2002-04 which explains the accounting methods to be used for Commission funded projects.

Debt

1. From the prior audit report, we noted the following Ohio Public Works Commission (OPWC) loan outstanding as of December 31, 2008. These amounts agreed to the Village January 1, 2009 balances on the summary we used in step 3.

<u>Issue</u>	Principal outstanding as of December 31, 2008:
OPWC Capital Project Loan	\$24,323

2. We inquired of management, and scanned the Revenue Ledger 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.
3. We obtained a summary of OPWC 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 Cash Journal. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions

Non-Payroll Cash Disbursements

1. For the appropriation ledger, we re-footed checks recorded as General Fund disbursements for security of persons and property, and checks recorded as transportation in the Street Construction Maintenance and Repair Fund for 2010. We found no exceptions.

2. We agreed total disbursements (non-payroll and payroll) from the appropriation ledger and Payroll Register for the years ended December 31, 2010 and 2009 to the total disbursements recorded in the check register. We found no exceptions.
3. We haphazardly selected ten disbursements from the appropriation ledger for the year ended December 31, 2010 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 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 no exceptions.
 - d. We found none of the disbursements requiring certification were certified and there was also no evidence 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 invoice 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 from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Ledger for the General, Street Construction, Maintenance and Repair and State Highway funds for the years ended December 31, 2010 and 2009. The amounts on the Certificate did not agree to the accounting system for any of the three funds. Estimated revenues were not recorded on the Village's accounting system. *The Certificate of the Total Amount from all Sources Available for Expenditures and Balances* reflected \$38,048, \$8,000 and \$600 for 2010 and \$37,135, \$8,000 and \$600 for 2009 for the General, Street Construction, Maintenance and Repair, and the State Highway funds, respectively. The fiscal officer should record budgeted revenues in the Revenue Ledger based on amounts recorded on the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Street Construction, Maintenance and Repair and State Highway 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.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2010 and 2009 for the following funds: General, Street Construction, Maintenance and Repair and State Highway 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, Street Construction, Maintenance and Repair and State Highway 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, Street

Construction, Maintenance and Repair and State Highway funds, 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 Revenue Ledger 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 Village to establish a new fund.
7. We scanned the 2010 and 2009 Revenue Ledger 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 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 and Expenditures

1. We inquired of management and scanned the appropriation ledger for the years ended December 31, 2010 and 2009 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14. We identified a street repaving project exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For this project, we noted the Council 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 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.
3. For the street repaving project described in step 1 above, we read the contract and noted it required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract included the Ohio Department of Commerce's schedule of prevailing rates.

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 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, those charged with governance, and others within the Village, 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, flowing style.

Dave Yost
Auditor of State

May 9, 2011

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VILLAGE OF CLOVERDALE

PUTNAM 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
MAY 31, 2011