



**CLARK TOWNSHIP
HOLMES COUNTY**

AGREED UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2009-2008



Mary Taylor, CPA
Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Clark Township
Holmes County
3674 County Road 70
Sugarcreek, Ohio 44681

We have performed the procedures enumerated below, with which the Board of Trustees of Clark Township, Holmes 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, 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 attestation standards established by the American Institute of Certified Public Accountants' 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 totals per the bank reconciliations to the total of December 31, 2009 and 2008 fund cash balances reported in the Fund Status Reports. The amounts agreed.
3. We confirmed the December 31, 2009 bank account balances 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.
4. 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.
5. We tested interbank account transfers occurring in December of 2009 and 2008 to determine if they were properly recorded in the accounting records and on each bank statement. We found 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 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code 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 amount from the *Statement* to the amount recorded in the Receipt Register Report. The amount agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code 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 included the proper number of tax receipts for 2009 and 2008:
 - i. One personal property tax receipt in 2009
 - ii. Two personal property tax receipts in 2008
 - iii. Two real estate tax receipts in both 2009 and 2008We noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2009 and from 2008. We also selected five receipts from the County Auditor's DTLs from 2009 and five from 2008.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Register 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.
4. We confirmed the interest amounts paid from the Killbuck Savings Bank and Department of the Treasury to the Township during 2009 and 2008 with 1099-INT forms received from the respective financial institutions. We also confirmed amounts paid from the Amish Road Maintenance Fund to the Township in 2009 and 2008 with copies of checks received by the Township. We found no exceptions.

Other Tax Receipts

1. We haphazardly selected 5 bed tax cash receipts from the year ended December 31, 2009 and 5 bed tax cash receipts from the year ended 2008 recorded in the duplicate cash receipts book and determined whether the:

Other Tax Receipts (Continued)

- a. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Amount charged complied with rates in force during the audit period. We found no exceptions.
- c. Receipt was posted to the proper fund, and recorded in the proper year. We found no exceptions.

Debt

1. We inquired of management, and scanned the minutes for evidence of new bonded or note debt issuances during 2009 or 2008. All new debt issuances noted agreed to the summary in step 2.
2. We obtained a summary of the equipment loan debt activity for 2009 and agreed principal and interest payments from the related debt amortization schedule to the Gas Tax and Road Levy funds in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
3. We inspected the Receipt Register Report and the Payment Register Detail Report for posting of the \$30,000 of debt proceeds as noted in the debt documents, and the corresponding expenditure of such. Neither the receipt nor the expenditure was recorded in the Township's ledgers. Recording the proceeds of debt and the corresponding expenditure in 2008 would have no effect on cash fund balance. **We recommend the Township should record debt proceeds and the corresponding expenditure to reflect revenues and expenditures within the Township's financial records.**
4. For new debt issued during 2008, we inspected the debt legislation, noting the Township approved purchasing a backhoe. We scanned the Payment Register Detail Report and noted the Township purchased a backhoe in May of 2008.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for two employees from 2009 and one payroll check for two employees from 2008 from 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 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

We found no exceptions related to steps a. – e. above.

Payroll Cash Disbursements (Continued)

2. For the checks we selected in step 1, we recomputed the gross and net pay amounts 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 determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record or as required by statute. 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:

<u>Withholding</u>	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount</u>
Federal income taxes	January 31, 2010	December 23, 2009	\$569.53
State income taxes	January 15, 2010	December 23, 2009	162.77
OPERS retirement (withholding plus employee share)	January 30, 2010	December 23, 2009	2,061.31

4. For 2009 and 2008, Board salaries were paid entirely from the General Fund.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2009 and ten from the year ended 2008 and determined whether:

- a. In our opinion, 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 from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36, to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Road Levy funds for the years ended December 31, 2009 and 2008. The amounts on the *Certificate* agreed to the amount recorded in the accounting system.
2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Gasoline Tax and Road Levy 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.

Compliance – Budgetary (Continued)

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 2009 and 2008 for the following funds: General Fund, Gasoline Tax Fund, and Road Levy Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources from Step 1 above. We compared total appropriations to total certified resources for the General, Gasoline Tax and Road Levy 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, Gasoline Tax and Road Levy 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, 2009 and 2008. 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 2009 and 2008 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 & 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. Contracts for the maintenance or repair of roads, where the amount involved exceeds \$45,000. (Ohio Rev. Code Section 5575.01)
 - c. Construction and erection of a memorial building or monument costs exceeding \$25,000. (Ohio Rev. Code Section 511.12)
 - d. Equipment for fire protection and communication costs exceeding \$50,000. (Ohio Rev. Code Sections 505.37 to 505.42)
 - e. Street lighting systems or improvement costs exceeding \$25,000. (Ohio Rev. Code Section 515.07)
 - f. Building modification costs exceeding \$25,000 to achieve energy savings. (Ohio Rev. Code Section 505.264)

Compliance – Contracts & Expenditures (Continued)

- g. Private sewage collection tile costs exceeding \$25,000. (Ohio Rev. Code Sections 521.02 to 521.05)
- h. 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 purchases of materials for the use of maintaining and repairing roads exceeding \$25,000, subject to Ohio Rev. Code Section 5549.21. For these purchases, we noted the Board advertised for material prices in the local newspaper and selected the best bidders.

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

- 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). We identified no projects requiring the county engineer to complete a force account cost estimate.
- 3. For the road maintenance project described in step 1 above, we reviewed invoices and other supporting documentation and noted that they require the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05.

Officials' Response - In future situations of similar nature, Clark Township will try to implement the recommendation noted.

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 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

February 16, 2010



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Auditor of State

CLARK TOWNSHIP

HOLMES 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
APRIL 13, 2010**