

MARION TOWNSHIP

PIKE COUNTY

JANUARY 1, 2008 TO DECEMBER 31, 2009

AGREED UPON PROCEDURES



Mary Taylor, CPA

Auditor of State

Board of Trustees
Marion Township
676 SR 335
Stockdale, Ohio 45683

We have reviewed the Independent Accountants' Report on Applying Agreed-Upon Procedures of Marion Township, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid

Ohio Rev. Code Section 505.602 allows a Board of Trustees to procure and pay all or any part of the cost of group life insurance to insure the lives of officers and full-time employees of the Township. The amount of group life insurance coverage provided by the Board of Trustees to insure the lives of officers of the Township shall not exceed fifty thousand dollars per officer.

On December 21, 2007 and December 22, 2008, the Marion Township, Pike County, Trustees passed a resolution, in accordance with Ohio Rev. Code Section 505.601, to "reimburse the Trustees and Fiscal Officer for group health care premiums charged by insurance companies or employers other than the Township. The benefits that will be reimbursed are as follow: health, life, accident, cancer, intensive care, prescription drug, dental, and vision. The amount the Township will reimburse the Trustees and Fiscal Officer in the reimbursement plan shall be actual out of pocket costs, not to exceed \$500 per month."

Even though the Township resolutions state the Township will reimburse the Trustees for out-of-pocket life insurance premiums, as stated above, under Ohio Rev. Code Section 505.602 the Township may procure its own Township plan for group life insurance; however, it has no authority to reimburse officers or employees for private life insurance policies. As a result, for the years ended December 31, 2008 and 2009, Mr. Commeans, Township Trustee was improperly reimbursed \$3,284 and \$3,444, respectively, by the Township for out-of-pocket life insurance premiums. The following chart outlines the improper reimbursements totaling \$6,728:

<u>2008</u>	Amount	<u>2009</u>	Amount
<u>Date</u>	<u>Overpaid</u>	<u>Date</u>	<u>Overpaid</u>
1/31/08	(\$264)	1/31/09	(\$287)
2/27/08	(264)	2/27/09	(287)
3/31/08	(264)	3/31/09	(287)

<u>2008</u>	Amount	<u>2009</u>	Amount
<u>Date</u>	<u>Overpaid</u>	<u>Date</u>	<u>Overpaid</u>
4/30/08	(287)	4/30/09	(287)
5/31/08	(287)	5/27/09	(287)
6/30/08	(287)	6/30/09	(287)
7/31/08	(287)	7/29/09	(287)
8/31/08	(287)	8/31/09	(287)
9/30/08	(287)	9/30/09	(287)
10/31/08	(287)	10/28/09	(287)
11/30/08	(243)	11/29/09	(287)
12/21/08	(243)	12/20/09	(287)
	<u>(\$3,284)</u>		<u>(\$3,444)</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against William Commeans, Trustee, and OTARMA, his bonding company, jointly and severally, in the amount of \$6,728, and in favor of Marion Township, Pike County, General Fund, in the amount of \$6,728.

The finding was repaid by Mr. Commeans on October 11, 2010.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Marion Township is responsible for compliance with these laws and regulations.



Mary Taylor, CPA
Auditor of State

December 8, 2010



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: (740) 289-4131 Fax: (740) 289-3639

Independent Accountants' Report on Applying Agreed-Upon Procedures

July 29, 2010

Board of Trustees
Marion Township, Pike
676 SR 335
Stockdale, Ohio 45683

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Marion Township, Pike County, Ohio (the Township) and the Auditor of State have agreed, solely to assist the Board of Trustees and Fiscal Officer 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 Fiscal Officer and/or the Board of Trustees 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' attestations 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

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 Status 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 Status 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 all but one check had cleared the bank in January of 2010.

Marion Township, Pike
Independent Accountants' Report on Applying Agreed-Upon Procedures

- 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.

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. The amounts agreed.
 - b. We determined whether the receipts were allocated to the proper fund as required by Ohio Rev. Code, Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. The receipts were 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:
 - a. Two personal property tax receipts
 - b. Two real estate tax receipts

We noted the Receipts Register 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 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.

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 and determined whether the:

1. Receipt amounts agree to the amount recorded in the Receipt Register Report. The amounts agreed.
2. Amount charged complied with rates in force during the period. We found no exceptions.
3. Receipts were posted to the proper funds, 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 Detail Report for evidence of new bond or note issuances during 2009 or 2008 or outstanding debt as of December 31, 2009 or 2008. No new debt issuances were noted. All debt noted agreed to the summary we used in step 2.
2. We obtained a summary of note debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedule to payments reported in the Payment Register Detail Report. We also compared the date the debt 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 2009 and one payroll check from five employees from 2008 from the Detail Payroll Report and determined whether the following information in the minutes record and the salary pay rate per legislation 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 and fund 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 salary amount used in computing gross pay to supporting documentation legislatively approved. 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 meeting minutes and personnel files. 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 the 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:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2010	December 31, 2009	\$266.20	\$266.20
State income taxes	January 15, 2010	December 31, 2009	\$29.25	\$29.25
OPERS retirement (withholding only)	January 30, 2010	December 31, 2009	\$357.56	\$357.56
Other withholdings	January 15, 2010	December 31, 2009	\$196.00	\$196.00

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4. For the pay periods ended March 31, 2009 and July 27, 2008, we compared documentation and the supporting the allocation of Board per diem amounts to the General and Road and Bridge Funds. We found no exceptions.
5. For the pay periods described in the preceding step, we traced Board time to activity sheets. 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 from the year ended December 31, 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 duplicate, 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 of 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 *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, Special Revenue and Capital Projects funds for the years ended December 31, 2009 and 2008. We noted the following exceptions:

2009

Fund	Certificate of Estimated Resources	Revenue Status Report	Variance
General	\$33,028	\$32,772	(\$256)
Motor Vehicle	6,916	6,506	(410)
Gas Tax	95,255	89,250	(6,005)
Road and Bridge	13,142	14,250	1,108
Cemetery 1	6,197	7,250	1,053
Cemetery 2	9,195	10,000	805
Fire 1	11,698	12,290	592
Fire 2	23,886	23,960	74
Permanent Imp.	5,892	0	(5,892)

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2008

Fund	Certificate of Estimated Resources	Revenue Status Report	Variance
General	\$31,736	\$34,523	\$2,787
Road and Bridge	12,760	14,060	1,300
Cemetery 1	6,345	6,695	350
Cemetery 2	8,162	8,882	720
Fire 1	10,431	11,645	1,214
Fire 2	24,273	25,553	1,280
Permanent Imp.	21	7,420	7,399

- We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Special Revenue and Capital Projects funds, the Board of 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). No exceptions noted.
- We compared total appropriations as 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 General, Special Revenue and Capital Projects funds. We noted the following exceptions:

2008

Fund	Appropriations	Appropriation Status Report	Variance
General	\$49,900	\$51,900	(\$2,000)

- Ohio Rev. Code, Section 5705.39, prohibits appropriations from exceeding certified resources. We compared total appropriations to total certified resources for the General, Special Revenue and Capital Projects funds for the years ended December 31, 2009 and 2008. We noted the following exceptions:

2009

Fund	Appropriations	Certified Resources plus Unencumbered Fund Balance	Variance
Cemetery 2	\$9,900	\$9,195	\$705

2008

Fund	Appropriations	Certified Resources plus Unencumbered Fund Balance	Variance
General	\$49,900	\$47,348	\$2,552
Motor Vehicle	10,700	10,112	588
Road and Bridge	20,000	19,462	538
Cemetery 2	9,600	8,162	1,438
Fire 1	13,000	11,298	1,702
Permanent Imp.	7,000	135	6,865

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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, Special Revenue and Capital Projects funds, as recorded in the Appropriation Status Report. We noted the following exceptions:

2009

Fund	Appropriations	Expenditures	Variance
Cemetery 2	\$9,900	\$10,040	(\$140)

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 \$1,000, which Ohio Rev. Code, Sections 5705.14-.16, restrict. We found no evidence of transfers these Sections prohibit, or for which Sections 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 such reserve accounts.

Officials Response: The responsible officials chose not to respond to the above findings.

Compliance – Contracts and 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 from (i.e. cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Insurance Reimbursement to Township Trustees and Fiscal Officer

1. We haphazardly selected one payment to each of the trustees and the fiscal officer for insurance reimbursement for the years ended December 31, 2009 and 2008 to determine if they were properly reimbursed within Ohio Rev. Code Section 505.601. We viewed supporting documentation for each reimbursement to determine whether:
 - a. The reimbursements were for premiums only associated with insurance coverages permitted by ORC Section 505.601. We found that one individual was receiving reimbursement for life insurance, which is not permitted by law.

Officials Response: The Township will no longer reimburse for life insurance premiums.

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 we would have 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.



Balestra, Harr, & Scherer CPAs, Inc.

July 29, 2010

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Mary Taylor, CPA
Auditor of State

MARION TOWNSHIP

PIKE 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
DECEMBER 21, 2010**