

**SCIPIO TOWNSHIP
MEIGS COUNTY
Agreed-Upon Procedures
December 31, 2009 and 2008**

Perry & Associates
Certified Public Accountants, A.C.

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MEIGS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

May 5, 2010

Scipio Township
Meigs County
33433 Cotterill Road
Pomeroy, Ohio 45769

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of **Scipio Township, Meigs County, Ohio** (the Township) and the Auditor of State 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 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 a difference of \$224 in 2009 between the depository balance and total fund balance. We also noted a \$26 difference in 2008 between the depository balance and the total fund balance.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Cash Journal 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 Cash Journal. 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.

Cash and Investments (Continued)

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.
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 Receipts Journal. We noted in 2008 one tax receipt was recorded at the net amount, instead of the gross amount. We also noted in 2008, one personal property tax receipt was recorded at the net amount, instead of the gross amount.
 - 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 Receipt Journal 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 Receipts Journal 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. We also selected five receipts from the County Auditor's Distribution Lists (DTL) from 2009 and five from 2008.
 - a. We compared the amount from the DTL to the amount recorded in the Receipts Journal 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.

Debt

1. We inquired of management, and scanned the Receipts Journal and Appropriation Ledger for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. All debt noted agreed to the summary we used in step 2.

Debt (Continued)

2. We obtained a summary of note debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to the Gasoline Tax Fund payments reported in the Appropriation Ledger. We also compared the date the payments were due to the date the Township made the payments. We noted that all three payments made in 2009 were not recorded properly as principal and interest under the Gasoline Tax Fund, but rather were recorded as material and other expense in the Gasoline Tax Fund. We found no other exceptions.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Gasoline Tax Fund per the Receipts Journal and Cash Journal. We noted that the Township recorded loan proceeds of \$11,500. However, the loan documentation date August 11, 2009, shows a loan amount of \$11,699.
4. We inspected the debt legislation, noting the Township must use the proceeds to purchase a John Deere Tractor. We scanned the Appropriation Ledger and Cash Journal Reports and noted the Township purchased a John Deere Tractor in September of 2009.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for all employees from 2009 and one payroll check for all employees from 2008 from the Payroll Record 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. Departments and funds 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 payroll register. We found no exceptions.
 - c. We determined whether the fund and account codes to which the check was posted was 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:

Payroll Cash Disbursements (Continued)

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2010	January 6, 2010	\$ 1,504.37	\$ 1,504.37
State income taxes	January 15, 2010	February 3, 2009	\$ 136.10	\$ 134.90
OPERS retirement (withholding plus employee share)	January 30, 2010	December 30, 2009	\$ 1,017.38	\$ 1017.38

4. For the pay periods ended March 31, 2009 and July 31, 2008, we compared documentation and the recomputation supporting the allocation of trustee salaries amounts to the General, Motor Vehicle and Gasoline Tax Funds. We determined the Trustees were paid three months from the General Fund, three months from the Motor Vehicle Fund, and six months from the Gasoline Tax Fund in 2009 and 2008 per approval from the Board of Trustees' minutes. However, we found no documentation of time spent on Gasoline Tax Fund or Motor Vehicle Fund activities. Ohio Rev. Code Section 505.24(C) sets forth the method by which Township Trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion No. 2204-036. This Section requires that compensation of a Township Trustee must be paid from the Township General Fund or from such other Township funds, in such proportions based on the amount of time spent on matters related to the services rendered. We recommend the Township Fiscal Officer allocate the Trustees' monthly salaries to the proper funds based on the Trustees' duties as documented in a diary, time sheet, or other similar method. Failure to properly support the Trustees salary allocation to Special Revenue Funds in the future will result in an adjustment of the total Trustees salary charge to the General Fund. No other exceptions were noted.

Non-Payroll Cash Disbursements

1. For the Appropriation Ledgers, we refooted checks recorded as General Fund disbursements for security of persons and property, and checks recorded as public works in the Motor Vehicle Tax Fund for 2009. We noted in 2009 the General Fund Appropriation Ledger total was \$29,243. However, the Cash Journal had a total of \$29,287. We found no other exceptions.
2. We agreed total disbursements (non-payroll and payroll) from the Appropriation Ledgers and Payroll Record Report for the years ended December 31, 2009 and 2008 to total disbursements recorded in the Cash Journal Reports except for the following instances. We noted the Appropriation Ledger in the General Fund recorded disbursements in 2009 in the amount of \$29,243. However, the Cash Journal recorded disbursements in the amount of \$29,287. The Appropriation Ledger in the Gasoline Tax Fund recorded disbursements in 2009 in the amount of \$110,750. However, the Cash Journal recorded disbursements in the amount of \$96,144. The Appropriation Ledger in the Road and Bridge Fund recorded disbursements in 2009 in the amount of \$32,795. However, the Cash Journal recorded disbursements in the amount of \$32,913. The Appropriation Ledger in the Fire Fund recorded disbursements in 2009 in the amount of \$20,949. However, the Cash Journal recorded disbursements in the amount of \$21,093. The Appropriation Ledger in the General Fund recorded disbursements in 2008 in the amount of \$33,502. However, the Cash Journal recorded disbursements in the amount of \$34,947. The Appropriation Ledger in the Motor Vehicle Fund recorded disbursements in 2008 in the amount of \$22,338. However, the Cash Journal recorded disbursements in the amount of \$22,238. The Appropriation Ledger in the Gasoline Tax Fund recorded disbursements in 2008 in the amount of \$105,244. However, the Cash Journal recorded disbursements in the amount of \$104,142. The Appropriation Ledger in the Road and Bridge Fund recorded disbursements in 2008 in the amount of \$7,466. However, the Cash Journal recorded disbursements in the amount of \$6,571. The Appropriation Ledger in the Fire Fund recorded disbursements in 2008 in the amount of \$19,275. However, the Cash Journal recorded disbursements in the amount of \$14,074. No other exceptions were noted.

Non-Payroll Cash Disbursements (Continued)

3. We haphazardly selected ten disbursements from the Appropriation Ledger Reports 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 Appropriation Ledger Reports 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 *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Comparison of Budgeted and Actual Receipts Report for the General, Motor Vehicle, and Gasoline Tax Funds for the years ended December 31, 2009 and 2008. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the following instances. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the General Fund of \$32,687 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$29,913. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the Motor Vehicle Fund of \$25,214 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$14,508. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the Gasoline Tax Fund of \$104,652 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$103,205. The Fiscal Officer should periodically compare amounts recorded in the Comparison of Budgeted and Actual Receipts Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the 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, Motor Vehicle and Gasoline Tax 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 Comparison of Disbursements and Encumbrances with Expenditure Authority Report for 2009 and 2008 for the following funds: General, Motor Vehicle, and Gasoline Tax Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority Report. However, we did note the General Fund in 2009 had an Appropriation Budget of \$34,687. However, the Comparison of Disbursements and Encumbrances with Expenditure Authority Report had a budget of \$36,819. The Motor Vehicle Fund in 2009 had an Appropriation Budget of \$25,214. However, the Comparison of Disbursements and Encumbrances with Expenditure Authority Report had a budget of \$34,828. The Gasoline Tax Fund in 2009 had an Appropriation Budget of \$100,651. However, the Comparison of Disbursements and Encumbrances with Expenditure Authority Report had a budget of \$131,204. We noted no other exceptions.

Compliance – Budgetary (Continued)

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, Motor Vehicle, and Gasoline Tax Funds for the years ended December 31, 2009 and 2008. We noted the General Fund appropriations for 2009 exceeded certified resources by \$642 and the Motor Vehicle Fund appropriations for 2009 exceeded certified resources by \$1,092, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits. No other exceptions were noted.
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, Motor Vehicle, and Gasoline Tax Funds, as recorded in the Cash Journal Report. We noted the General Fund in 2008 had expenditures exceeding appropriations. No other exceptions were noted.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts Journal 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 Receipts Journal Reports and Appropriation Ledger Reports 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 Reports and Cash Journal 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 Cash Journal Reports and Appropriation Ledger Reports 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))

Compliance – Contracts & Expenditures (Continued)

We identified no purchases subject to the aforementioned bidding requirements.

2. We inquired of management and scanned the Cash Journal Reports and Appropriation Ledger Reports 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.

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 the Auditor of State, and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA
Auditor of State

SCIPIO TOWNSHIP

MEIGS 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
JUNE 3, 2010**