

**VERNON TOWNSHIP**

**CRAWFORD COUNTY**

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

**AGREED-UPON PROCEDURES**





**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

Board of Trustees  
Vernon Township  
Crestline, Ohio

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Vernon Township (the Township) and the Auditor of State agreed, solely to assist the Board of Trustees (the Board) in evaluating receipts, disbursements and balances recorded in its 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. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements 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 describes any exceptions exceeding \$10.

**Cash**

1. We tested the mathematical accuracy of the December 31, 2009 and 2008 bank reconciliations.
  - No exceptions were noted during the testing of the bank reconciliations.
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 financial statements.
  - We found no exceptions when agreeing the current year beginning balances to the prior year ending balances.
3. We agreed the totals per the bank reconciliations to the corresponding totals in the December 31, 2009 and 2008 cash balances reported in the Fund Status Reports.
  - The amounts agreed from the bank reconciliation to the Fund Status Report.

### **Cash (continued)**

4. We confirmed the December 31, 2009 and 2008 bank account balances with the Township's financial institutions and agreed the confirmed amounts to the corresponding amounts in the bank reconciliations noted in Cash Step 3 above.
  - The confirmed balances agreed to those amounts within the bank reconciliation, and no exceptions were noted for 2008. We did note a difference of \$151 between the confirmed balance and the December 31, 2009 bank reconciliation due to unrecorded interest which was received during 2009 but not recorded until March 31, 2010. We recommend the Fiscal Officer record all interest earned as of year-end to the accounting records.

**Officials Response:** The Township is aware of this issue and will take appropriate corrective action going forward.

5. We selected all outstanding checks from the December 31, 2009 bank reconciliation and traced to the corresponding bank statements showing timely clearing and traced the check's attributes per the cancelled check to the check register to verify the checks were dated on or prior to December 31, 2009, as well as proper recording of checks within the check register.
  - We found no exceptions when testing the outstanding checks.
6. We tested investments held at December 31, 2009 and 2008 to determine that they were a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144 and matured within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14.
  - We found no exceptions when testing investments.

### **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 and traced the gross receipts from the Statement to the amount recorded in the Receipt register Report, determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10, and determined whether the receipt was recorded in the proper year.
  - We found no exceptions during our testing of the County receipts regarding the above procedures.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2009 and 2008 which consist of two personal property tax receipts and two real estate tax receipts.
  - We found no exceptions during our testing of receipts regarding the above procedures.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (continued)**

3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2009 and all receipts from 2008 and compared the amount from the DTL to the amount recorded in the Receipt Register Report. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
  - We found no exceptions during our testing of the State receipts.
4. We selected five receipts from the County Auditor's confirmation from 2009 and five from 2008 and compared the amount to the amount recorded in the Receipt Register Report. We determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
  - We found no exceptions when comparing the County confirms to the Receipt Register Report.

### **Debt**

1. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or December 31, 2008.
  - We found that the Township acquired new debt for the purchase of a backhoe during 2009. All debt agreed to the summary we used in step 2 below. We found no exceptions.
2. We obtained a summary of debt activity for 2009 and 2008 and agreed the principal and interest payments from the related debt amortization schedules to debt service fund payments reported 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 during the debt testing.
3. We inspected the Receipt Register Report and the Payment Register Report for posting of the debt proceeds as noted in the debt documents, and the corresponding capital outlay expenditure of such.
  - We found that neither the receipts nor the expenditures were recorded in the Township's ledgers to properly reflect the debt proceeds of \$18,704 as well as the grossing up of new debt on the financials. We recommend the Township record all debt proceeds and the corresponding capital outlay expenditures as they occur.

**Officials Response:** The Township is aware of this issue and will consider for the future the recording of new debt transactions.

### **Debt (continued)**

4. For the new debt issued during 2009 and 2008, we inspected the debt legislation, noting the Township must use the proceeds to purchase a backhoe.
  - We scanned the Board minutes and noted the Township purchased a 1998 Case 580LII Loader Backhoe in May 2009 and found no exceptions to the debt legislation. However, it was noted the Township failed to properly record the transaction within the financial ledgers due to the lending institution making the payment directly to the vendor.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Employee Detail Adjustment Report and determined whether the following information in the employee's files was consistent with the information used to compute gross and net pay related to this check:
  - Name
  - Authorized salary or pay rate
  - Department(s) and fund(s) to which the check should be charged
  - Retirement system participation and payroll withholding
  - Federal, State and Local income tax withholding authorization and withholding
  - Any other deduction authorizations (deferred compensation, etc.)
- No exceptions were noted during the payroll check testing.
2. We tested the checks noted in Payroll Cash Disbursements Step 1 as follows:
  - 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 determined where the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and time records.
  - We found during our testing that a simplified timecard is being maintained for each of the Trustees for both 2009 and 2008; however, the information provided on the timecard does not support the salaries being paid on a percentage basis from the General and Special Revenue Funds. We recommend the Township begin maintaining detailed time sheets reflecting Trustee's time spent on various tasks and allocate by percentage the payments from the specific fund to which the costs should be charged.

**Officials Response:** The Township is aware of these issues and will take appropriate corrective action going forward.

**Payroll Cash Disbursements (continued)**

3. We examined the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were paid timely 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	December 31, 2009	\$690.00	\$690.00
State income taxes	January 15, 2010	December 10, 2009	\$88.62	\$88.62
OPERS retirement (withholding plus employee share)	February 1, 2010	December 28, 2009	\$661.99	\$661.99

4. For the years ended 2009 and 2008, we compared documentation and recomputed amounts supporting the allocation of Board salaries to the appropriate funds.
  - No exceptions were noted when comparing Board salaries to fund allocations.

**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 determine the following:
  - The disbursements are for a proper public purpose.
  - 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.
  - The disbursements are posted to a fund consistent with the restricted purpose for which the fund's cash can be used.
  - The fiscal officer certified disbursements requiring certification or issued a Then and Now Certificate, as required by Ohio Rev. Code Section 5705.41(D).
- During our testing of non-payroll disbursements, no exceptions were noted.

**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 each Fund for the years ended December 31, 2009 and 2008.

### **Compliance-Budgetary (continued)**

- The amounts on the Certificate agreed to the amounts recorded in the accounting system for 2009; however, there was a difference in the General Fund during 2008. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$57,711 for 2008; however, the final Amended Official Certificate of Estimated Resources reflected \$ 76,711. The fiscal officer should periodically compare amounts recorded in the Revenue Status 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.

**Officials Response:** The Township is aware of these issues and will properly adjust their UAN system to reflect the documentation received from the County Auditor in the future.

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Gasoline Tax, and Road and Bridge 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 when comparing appropriation measured to Board salaries for personal services.
3. We compared the total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2009 and 2008 for the General and Special Revenue Funds.
  - The amounts on the appropriation resolutions agreed to the amount recorded in the Appropriation Status report. Total actual expenses were less than appropriations per the Township’s Annual Appropriation Resolution for 2009 and 2008.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total expenditures to total budget for the years ended December 31, 2009 and 2008 to ensure that no excess spending occurred.
  - We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2009 and 2008 for the General, Special Revenue Funds, and Capital Projects Funds, as recorded in the Appropriation Status Report.
  - We noted no funds for which expenditures exceeded appropriations; therefore, no exceptions were noted.
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.



### **Compliance-Budgetary (continued)**

- 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. No exceptions were noted.
7. We scanned the 2009 and 2008 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 -.16 restrict.
    - We found no evidence of transfers the Ohio Revised Code prohibits, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas. No exceptions were noted.
  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; therefore, no exceptions were noted.

### **Compliance-Contracts & Expenditures**

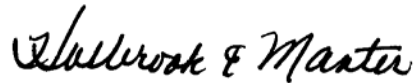
1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2009 and 2008 for procurements requiring competitive bidding under the following statutes:
  - Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000. (Ohio Rev. Code Section 5549.21)
  - Construction and erection of a memorial building or monument costs exceeding \$25,000. (Ohio Rev. Code Section 511.12)
  - Equipment for fire protection and communication costs exceeding \$50,000. (Ohio Rev. Code Sections 505.37 to 505.42)
  - Street lighting systems or improvement costs exceeding \$25,000. (Ohio Rev. Code Section 515.07)
  - Building modification costs exceeding \$25,000 to achieve energy savings. (Ohio Rev. code Section 505.264)
  - Private sewage collection tile costs exceeding \$25,000. (Ohio Rev. Code Sections 521.02 to 521.05)
  - 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 exceeding \$25,000 during 2008; however, we did note one purchase during 2009 for a backhoe which was subject to the aforementioned bidding requirements. This purchase was made under a state leasing program; therefore, no bidding was required.

**Compliance-Contracts & Expenditures (continued)**

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).
  - For any road maintenance projects as described in step 2 above, we read the contract and noted that the Crawford County Engineer completed the force account project assessment form for both 2009 and 2008. No exceptions were 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 preformed 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 the Township and is not intended to be, and should not be used by anyone else.



Certified Public Accountants

July 27, 2010



**Mary Taylor, CPA**  
Auditor of State

**VERNON TOWNSHIP**

**CRAWFORD 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  
NOVEMBER 4, 2010**