

**GRAND TOWNSHIP**

**MARION COUNTY**

**JANUARY 1, 2009 TO DECEMBER 31, 2010**

**AGREED UPON PROCEDURES**





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

Board of Trustees  
Grand Township  
3953 Dry Lane Rd  
Marion, Ohio 43302

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Grand Township (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, 2010 and 2009, 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, 2010 and 2009 bank reconciliations.
  - No exceptions were noted during the testing of the bank reconciliations.
  
2. We agreed the January 1, 2009 beginning fund balances recorded in the Combined and Combining Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances to the December 31, 2008 balances in the prior year audited financial statements.
  - No exceptions were noted during the testing of the beginning fund balances.

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OHIO SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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# Dave Yost • Auditor of State

Board of Trustees  
Grand Township  
3953 Dry Lane Road  
Morral, Ohio 43337

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Grand Township, Carroll County, prepared by Holbrook & Manter, for the period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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. Grand Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 16, 2011

### **Cash and Investments (continued)**

3. We agreed the totals per the bank reconciliations to the corresponding totals in the December 31, 2010 and 2009 cash balances reported in the Fund Status Reports.
  - The amounts agreed from the bank reconciliation to the Fund Status Report.
4. We confirmed the December 31, 2010 and 2009 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.
  - The confirmed balances did not agree to the amounts within the bank reconciliation. At December 31, 2010 and 2009, there were unidentified differences noted of \$95 and \$80, respectively. The difference between 2009 and 2010 of \$15 was a direct result of interest earnings in December 2010 that was posted during January 2011.

**Official's Response** - The difference is an unidentified difference between the bank balance and the Township's records, however, it may be an interest posting from a prior year. The Fiscal Officer will continue to monitor the difference to verify it doesn't fluctuate moving forward and then try to identify the difference from prior years.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 bank reconciliation and traced each debit to the subsequent January bank statement. We also traced the amounts and dates written to the check register, to determine the debits were dated prior to December 31.
  - We found no exceptions when testing the reconciling debits.
6. We tested investments held at December 31, 2010 and December 31, 2009 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 2010 and one from 2009 and traced the gross receipts from the Statement to the amount recorded in the Receipt register Report. We also traced advances noted on the Statement to the Receipt Register Report. We also tested whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10, and whether the receipt was recorded in the proper year.
  - We found no exceptions during our testing of the County receipts.

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

2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009, which consist of two personal property tax receipts, two real estate tax receipts, plus one advance.
  - We found no exceptions during our testing of receipts.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2010 and 2009 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 2010 and five from 2009 and compared the amount 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 when comparing the County confirms to the Receipt Register Report.

### **Debt**

1. The prior audit report disclosed no debt outstanding as of December 31, 2008.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2010 or 2009 or debt payment activity during 2010 or 2009.
  - We noted no new debt issuances, nor any debt payment activity during 2010 or 2009.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Employee Detail Adjustment Report and:
  - 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 whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the minute record or as required by statute. We also determined whether the payment was posted to the proper year.
  - No exceptions were noted during the payroll check testing.

**Payroll Cash Disbursements (continued)**

2. For any new employees selected in step 1 we 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 as documented in the minutes or as required by statute
  - 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 our testing of payroll cash disbursements.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2010. We noted the following:

| <b>Withholding (plus employer share where applicable)</b> | <b>Date Due</b>  | <b>Date Paid</b>  | <b>Amount Due</b> | <b>Amount Paid</b> |
|---|------------------|-------------------|-------------------|--------------------|
| Federal income tax  | January 31, 2011 | December 30, 2010 | 328.98            | 328.98             |
| State income taxes  | January 15, 2011 | December 30, 2010 | 63.90             | 63.90              |
| OPERS retirement (withholding plus employee share)        | January 30, 2011 | December 13, 2010 | 657.19            | 657.19             |

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.
4. For the years ended 2010 and 2009, we compared documentation and re-computation supporting the allocation of Board salaries to the General and Special Revenue Funds.
- No exceptions were noted when comparing Board salaries to fund allocations.
5. For the years described in the preceding step, we traced Board time or services performed to time or activity sheets.
- No exceptions were noted when tracing time to time or activity sheets.



### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended 2009 and determined whether:
  - The disbursements were 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 payment was 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, we found one instance where the certification date was after the vendor invoice date, and there was no evidence that 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 disbursement requiring certification, our report provides no assurance whether or not additional similar errors occurred.
- No other exceptions were noted.

**Official's response** - The Fiscal Officer is aware that all disbursements should be certified at the time a commitment is made and in the future will complete the certification at that time or prepare a *Then and Now Certificate* for the disbursement.

### 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, 2010 and 2009.
  - The amounts recorded within the Revenue Status Report agree to the amounts within the Amended Certificate of Estimated Resources as filed with the County for 2010 and 2009.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General and Special Revenue 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.
  - We found no exceptions when comparing appropriation measures to salaries for personal services.

**Compliance-Budgetary (continued)**

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 2010 and 2009 for the General and Special Revenue Funds.
  - The amounts agreed for 2010; however, in 2009 we noted that the General Fund had a difference of \$225.

**Official's Response** - The Fiscal Officer is aware of the requirement to amend the Appropriations with the County Auditor when deemed necessary and moving forward, the Fiscal Officer will closely monitor.

4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to certified resources for the General and Special Revenue Funds and for the years ended December 31, 2010 and 2009.
  - We noted that General Fund appropriations for 2010 exceeded certified resources by \$777, 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.

**Official's response** - Management is aware of the requirement to amend the Certificate of Estimated Resources with the County Auditor if the anticipated revenue for the Township changes throughout the year and the Fiscal Officer will closely monitor moving forward.

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 and Special Revenue 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, 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 Township to establish a new fund. No exceptions were noted.

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

7. We scanned the 2010 and 2009 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 these Sections prohibit, 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.

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

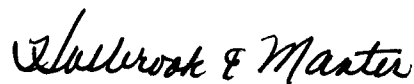
1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statutes:
  - Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, 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))
  - Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
  - Construction or reconstruction of a township road exceeding \$15,000/ per mile (Ohio Rev. Code Section 5575.01)
- We identified one contract with a third party consisting of multiple road projects during 2009 that in total exceeded \$45,000. The Township properly completed the competitive bidding requirements for the project, as is required by Ohio Rev. Code.

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

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) 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 read the contract and noted that 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.

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, those charged with governance, the Auditor of State, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



Certified Public Accountants

August 25, 2011



# Dave Yost • Auditor of State

GRAND TOWNSHIP

MARION 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  
SEPTEMBER 29, 2011