

**MILL TOWNSHIP**  
TUSCARAWAS COUNTY  
AGREED-UPON PROCEDURES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Varney, Fink & Associates, Inc.  
Certified Public Accountants





# Dave Yost • Auditor of State

Board of Trustees  
Mill Township  
P.O. Box 106  
Dennison, Ohio 44621

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Mill Township, Tuscarawas County, prepared by Varney, Fink & Associates, Inc., for the period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports 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. Mill Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost  
Auditor of State

October 31, 2012

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

Mill Township  
Tuscarawas County  
P.O. Box 106  
Dennison, Ohio 44621

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Mill 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, 2011 and 2010, 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, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2009 balances as documented in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We observed the December 31, 2011 bank account balances on the Township's financial institutions website. The balances agreed. We also agreed the observed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

6. We tested investments held at December 31, 2011 and December 31, 2010 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 and Intergovernmental Cash Receipts**

1. We selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes (the Statement) for 2011 and one from 2010:
  - 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 receipt was allocated to the proper fund(s) 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 Register Report to determine whether it included two real estate tax receipts for 2011 and 2010. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2011 and all from 2010. We also selected five receipts from the County Auditor's DTLs from 2011 and five from 2010.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Debt**

1. From the prior year Agreed-Upon Procedures documentation, we noted the following note outstanding as of December 31, 2009. This amount agreed to the Townships January 1, 2010 balance on the summary we used in step 3.

Backhoe Note	Principal outstanding as of December 31, 2009: \$28,972.50
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2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3.

3. We obtained a summary of note debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to the following fund payments reported in the Payment Register Detail Report as follows:

<b>Debt Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
Backhoe Note	2010	\$28,972.50	\$1,230.21
Truck Note	2011	\$31,941.52	\$1,064.47

The Township does not have a debt service fund, and therefore made the debt payment from unrestricted funds out of the General Fund. We found no exceptions.

We also compared the date the debt services payments were due to the date the Township made the payments. We found one exception: The Backhoe Note was paid 26 days late.

4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the following funds per the Receipt Register Report:

<b>Debt Issue</b>	<b>Year</b>	<b>Loan Amount</b>	<b>Fund</b>
Truck Note	2010	\$31,941.52	Capital Project
Mowing Tractor Note	2011	\$64,000.00	Gasoline Tax

The amounts agreed.

5. For new debt issued during 2011 and 2010, we inspected the debt legislation, noting the Township must use the proceeds to purchase a truck and mowing tractor, respectively. We scanned the Payment Register Detail Report and noted the Township purchased a truck in January of 2011, purchased a cab for the mowing tractor in October of 2011, and purchased a mower for the mowing tractor in November of 2011.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account code to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2011. 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 taxes & Medicare	January 31, 2012	January 5, 2012	\$971.69	\$971.69
State income taxes	January 15, 2012	January 8, 2012	\$276.58	\$276.58
Village of Dennison local income tax	January 31, 2012	December 31, 2011	\$60.00	\$60.00
OPERS retirement	January 30, 2012	December 31, 2011	\$1,820.83	\$1,820.83

3. We haphazardly selected and recomputed one payout payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
  - a. Accumulated leave records
  - b. The employee's pay rate in effect as of the payout date
  - c. The Township's payout policy.

The amount paid was consistent with the information recorded in a. through b. above. We inquired with the Fiscal Officer and noted there is a Leave Policy, but it does not address the payout of yearly vacation leave. We recommend that the Township revise the Leave Policy to include the allowable hours of vacation leave to be cashed out on a yearly basis.

#### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended 2010 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 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 estimated receipts from the Amended Official 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, Road & Bridge, and Ambulance & EMS funds for the years ended December 31, 2011 and 2010. The amounts agreed.
2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Road & Bridge, and Ambulance & EMS 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 Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2011 and 2010 for the following funds: General, Road & Bridge, and Ambulance & EMS funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road & Bridge, and Ambulance & EMS funds for the years ended December 31, 2011 and 2010. 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, 2011 and 2010 for the General, Road & Bridge, and Ambulance & EMS fund, 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, 2011 and 2010. 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 2011 and 2010 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.
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, 2011 and 2010 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 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (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 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 515.01 & 515.07)
  - e. Building modification costs exceeding \$25,000 (\$50,000 effective September 29, 2011) to achieve energy savings (Ohio Rev. Code Section 505.264)

- f. Private sewage collection tile costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (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))
- h. Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
- i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Rev. Code Section 5575.01)

In 2011, we identified a maintenance and repair of roads projects exceeding \$45,000, subject to Ohio Rev. Code Section 5575.01. For this project we noted that the Board utilized the Tuscarawas County Engineer's Office chip and seal program in which the project was competitively bid out by the County.

In 2011, we identified two purchases of equipment used in constructing, maintaining, and repairing roads and culverts exceeding \$25,000, subject to Ohio Rev. Code Section 5549.21. For these purchases, we noted that the Board utilized the State Purchasing Program.

We identified no purchases in 2010 subject to the aforementioned bidding requirements.

- 2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2011 and 2010 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.

**Officials' Response** - We did not receive a response from Officials to the exceptions reported above.

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.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

June 29, 2012



# Dave Yost • Auditor of State

**MILL TOWNSHIP**

**TUSCARAWAS 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 13, 2012**