

Pike Township
Madison County, Ohio
Agreed-Upon Procedures
For the Years Ended December 31, 2011 and 2010





Dave Yost • Auditor of State

Board of Trustees
Pike Township
3140 Rosedale Road
Irwin, Ohio 43029

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Pike Township, Madison County, prepared by Millhuff-Stang, CPA, 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. Pike 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

July 16, 2012

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Pike Township
Madison County, Ohio
Table of Contents
For the Years Ended December 31, 2011 and 2010

<u>Title</u>	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Pike Township
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We have performed the procedures enumerated below, with which the Board of Trustees (the Board) and the management of Pike Township, Madison 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, 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

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 to the December 31, 2009 balances 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 Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with one of the Township's financial institutions. We found no exceptions. We observed the year-end bank balance on the other financial institution's website. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) 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 written to the Cash Journal, 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 Revised Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Revised 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 2011 and one from 2010:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Revised 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 Revenue Ledger to determine whether it included the proper number of tax receipts for 2011 and 2010:
 - a. Two personal property tax receipts
 - b. Two real estate tax receipts

We noted the Revenue Ledger included the proper number of tax settlement receipts for each year. We did note that there was only one personal property tax receipt in 2010 and none in 2011, which we determined to be proper upon review of the confirmation received from the County Auditor.

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 Vendor Audit Trail Reports from 2011 and five from 2010.
 - a. We compared the amount from the DTL or Vendor Audit Trail Report to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found six exceptions. The first and second half real estate tax state distributions for 2011 and 2010 were recorded net of fees, which were improperly allocated entirely to one fund. The second half manufactured home tax state distributions for 2011 and 2010 were not properly allocated among the funds.

Pike Township
 Madison County, Ohio
 Independent Accountants' Report on Applying Agreed-Upon Procedures

Description	Confirmation	Revenue Ledger	Overstatement (Understatement)
<i>2011</i>			
First half real estate tax state distribution	\$689.00 to General \$1,625.48 to Fire	\$2,294.47 to General \$0 to Fire	\$1,605.47 (\$1,625.48)
Second half real estate tax state distribution	\$689.00 to General \$1,625.48 to Fire	\$2,294.25 to General \$0 to Fire	\$1,605.25 (\$1,625.48)
Second half manufactured home tax state distribution	\$0.34 to General \$0.84 to Fire	\$1.18 to General \$0 to Fire	\$0.84 (\$0.84)

Description	Confirmation	Appropriation Ledger	Overstatement (Understatement)
<i>2011</i>			
First half real estate tax state distribution fees	\$5.96 to General \$14.05 to Fire	\$0.00 to General \$0.00 to Fire	(\$5.96) (\$14.05)
Second half real estate tax state distribution fees	\$6.02 to General \$14.21 to Fire	\$0.00 to General \$0.00 to Fire	(\$6.02) (\$14.21)

Description	Confirmation	Revenue Ledger	Overstatement (Understatement)
<i>2010</i>			
First half real estate tax state distribution	\$690.11 to General \$1,603.56 to Fire	\$2,276.58 to General \$0 to Fire	\$1,586.47 (\$1,603.56)
Second half real estate tax state distribution	\$689.21 to General \$1,601.47 to Fire	\$2,270.70 to General \$0 to Fire	\$1,581.49 (\$1,601.47)
Second half manufactured home tax state distribution	\$0.34 to General \$0.84 to Fire	\$1.18 to General \$0 to Fire	\$0.84 (\$0.84)

Description	Confirmation	Appropriation Ledger	Overstatement (Understatement)
<i>2010</i>			
First half real estate tax state distribution fees	\$5.14 to General \$11.95 to Fire	\$0.00 to General \$0.00 to Fire	(\$5.14) (\$11.95)
Second half real estate tax state distribution fees	\$6.01 to General \$13.97 to Fire	\$0.00 to General \$0.00 to Fire	(\$6.01) (\$13.97)

c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

1. We haphazardly selected all over-the-counter cash receipts from the year ended December 31, 2010 recorded in the duplicate cash receipts and determined whether the:
 - a. Receipt amount agreed to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. Amount charged complied with rates in force during the period. We found no exceptions.
 - c. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found one receipt of \$2,906.40 for mowing charges along county roads recorded in the General Fund that should have been recorded in the Gasoline Tax Fund. We found one receipt of \$312.50 for rental of the Township building recorded in the Gasoline Tax Fund that should have been recorded in the General Fund. We brought these to management's attention. They corrected the General and Gasoline Tax Fund balances for these items. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

Debt

1. The prior agreed-upon procedures report disclosed no debt outstanding as of December 31, 2009.
2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. We noted no new debt issuances, nor any debt payment activity during 2011 or 2010.

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(s) to which the check was posted were 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. 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 that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2011. We noted the following:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes and Medicare	1/31/12	1/13/12	\$154.66	\$154.66
State income taxes	1/31/12	12/14/11	84.90	84.90
OPERS retirement (withholding plus employer share)	2/1/12	1/13/12	764.06	764.06

3. For the pay periods ended July 27, 2011 and May 26, 2010, we compared documentation and the recomputation supporting the allocation of Board salaries to the General and Gasoline Tax Funds. We found no exceptions.
4. For the pay periods described in the preceding step, we traced Board time or services performed to time or activity sheets. We found no exceptions.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2011 and ten from the year ended December 31, 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 Cash Journal and to the names and amounts on the supporting invoices. We found one instance where the pre-printed check number did not agree with the check number within the system. It was noted that system check number 2737 was printed on pre-printed check number 2738 and that system check number 2738 was printed on pre-printed check number 2737.
 - 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 Revised Code Section 5705.41(D). We found one instance where a disbursement requiring certification was not certified and four instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Revised 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 disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Revised Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Ledger for the General, Gasoline Tax and Fire & EMS Funds for the years ended December 31, 2011 and 2010. The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the General Fund in 2011. The Revenue Ledger recorded budgeted (i.e. certified) resources for the General Fund of \$40,994 for 2011. However, the *Certificate of the Total Amount From All Sources Available for Expenditures and Balances* reflected \$40,916. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Certificate of the Total Amount From All Sources Available for Expenditures and Balances* 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 2011 and 2010 to determine whether, for the General, Gasoline Tax and Fire & 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 Revised Code Section 5705.38(C). We found no exceptions.

Pike Township
Madison County, Ohio
Independent Accountants' Report on Applying Agreed-Upon Procedures

3. We compared total appropriations required by Ohio Revised Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2011 and 2010 for the following funds: General, Gasoline Tax and Fire & EMS Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledgers.
4. Ohio Revised Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Fire & EMS Funds for the years ended December 31, 2011 and 2010. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Revised 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, Gasoline Tax and Fire & EMS Funds, as recorded in the Appropriation Ledger. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Revised Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Ledger 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 Revised Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2011 and 2010 Revenue Ledgers and Appropriation Ledgers for evidence of interfund transfers which Ohio Revised 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 to determine whether the Township elected to establish reserve accounts permitted by Ohio Revised 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 Vendor 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. (Ohio Revised Code Section 5549.21)
 - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Revised Code Section 511.12)
 - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Revised Code Sections 505.37 to 505.42)
 - d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Revised Code Section 515.07)
 - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Revised Code Section 505.264)
 - f. Private sewage collection tile costs exceeding \$25,000 (Ohio Revised 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 Revised Code Section 505.37(A))

Pike Township
Madison County, Ohio
Independent Accountants' Report on Applying Agreed-Upon Procedures

- h. Maintenance and repair of roads exceeding \$45,000 (Ohio Revised Code Section 5575.01)
- i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Revised Code Section 5575.01)

We identified no purchases subject to the aforementioned bidding requirements.

- 2. We inquired of management and scanned the Payment Register Vendor 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 Revised 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

The Township officials chose not to respond.

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 others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

February 27, 2012

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Dave Yost • Auditor of State

PIKE TOWNSHIP

MADISON 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
JULY 31, 2012