

WHETSTONE TOWNSHIP

CRAWFORD COUNTY

**JANUARY 1, 2010 TO DECEMBER 31, 2011
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Board of Trustees
Whetstone Township
4321 Crestline Road
Bucyrus, Ohio 44820

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Whetstone Township, Crawford County, prepared by Holbrook & Manter, 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. Whetstone 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 26, 2012

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Whetstone Township
4321 Crestline Road
Bucyrus, Ohio 44820

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Whetstone 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 2010 bank reconciliations.
 - No exceptions were noted during the testing of the bank reconciliations.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2009 balances in the prior year audited financial statements.
 - The January 1, 2010 beginning fund balances tied to the December 31, 2009 balances on the prior year audited financial statements.
3. We agreed the totals per the bank reconciliations to the corresponding totals in the December 31, 2011 and 2010 fund cash balances reported in the Fund Status Reports.
 - The amounts agreed from the bank reconciliation to the Fund Status Report.

Cash and Investments (continued)

4. We confirmed the December 31, 2011 and 2010 bank account balances with the Township's financial institutions and agreed the confirmed balances to the corresponding amounts appearing in the December 31, 2011 and 2010 bank reconciliations.
 - The amounts agreed from the bank reconciliation balances to the bank confirmations. No exceptions noted.
5. We selected all reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliation and traced each debit appearing in the subsequent January and February bank statements. We also traced the amounts and date written to the check register, to determine that the debits were dated prior to December 31.
 - We found one exception of \$14 related to bank fees that were included within the December 2011 bank reconciliation as an outstanding item; however, it cleared the bank in December of 2011 and should have been posted in the 2011 records within the UAN system. The amount was incorrectly recorded as an expense in January 2012. No other exceptions were noted.

Officials Response: The difference was due to timing and occurs occasionally based upon when the bank statement is received and the item is posted to the ledger by the fiscal officer of the Township.

6. We selected all reconciling credits (such as deposits in transit) haphazardly from the December 31, 2011 bank reconciliation and traced each credit to the subsequent January bank statement and agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
 - We noted one deposit in transit that was properly recorded in December and cleared the bank in January 2012. No exceptions were noted.
7. We tested investments held at December 31, 2011 and 2010 to determine that they were of 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 2011 and one from 2010 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.

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 2011 and 2010, which includes two real estate tax receipts.
 - We found no exceptions during our testing of receipts.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2011 and all receipts from 2010 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 also selected five receipts from the County Auditor's DTLs from 2011 and five from 2010 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 when comparing the County confirms to the Receipt Register Report.
5. We confirmed the amount paid from SANTEK Environmental to the Township for landfill fees receipts during 2011 and 2010, determining the receipts were allocated to the proper funds and recorded in the proper year.
 - We found no exception when comparing the supporting documentation from SANTEK Environmental to the Receipts Register Report.

Debt

1. From the prior agreed upon procedures documentation we noted the following capital lease outstanding as of December 31, 2009. The amounts agreed to the Townships January 1, 2010 balances on the summary we used in Step 3.

| Issue | Principal outstanding as of December 31, 2009 |
|----------------------------|--|
| Fire Truck - capital lease | \$38,837 |

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 payment activity during 2011 or 2010.
 - We noted no new debt issuance and all debt payment activity agreed to the summary we used in Step 3.

Debt (continued)

3. We obtained a summary of capital lease activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedule to Fire Vehicle 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 when comparing the payments from the amortization schedule to the actual payments recorded.

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 tested the following attributes:
 - 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 determined whether the 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 and determined whether the payment was posted to the proper year.
 - No exceptions were noted during our testing of payroll cash disbursements.
2. For any new employees selected in step 1 we determined whether the following information in the personnel files 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
 - During our testing and analysis, we found that a W-4 was not on file for a new Trustee. No other exceptions were noted during personnel file testing.

Official's Response: Subsequent to year ended, the fiscal officer updated the personnel file for the new Trustee to include the appropriate documentation, including the W-4.

Payroll Cash Disbursements (continued)

3. 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:

| Withholding (Plus employer share where applicable) | Date Due | Date Paid | Amount Due | Amount Paid |
|---|------------------|-------------------|-------------------|--------------------|
| Federal income tax & Medicare | January 31, 2012 | December 19, 2011 | 747.28 | 747.28 |
| State income taxes | January 15, 2012 | December 19, 2011 | 295.74 | 295.74 |
| School district income taxes | January 31, 2012 | December 19, 2011 | 196.07 | 196.07 |
| OPERS retirement | January 30, 2012 | December 19, 2011 | 1,411.10 | 1,411.10 |

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.
4. For the pay periods ended October 17, 2011 and June 21, 2010, we compared documentation and the recomputation supporting the allocation of the Boards’ salaries to the General, Gasoline Tax Fund, and the Road and Bridge Fund per the Employee Detail Adjustment Report.
 - No exceptions were noted in the Boards’ allocation of salaries based upon timesheets maintained and provided by each board member.
 5. For the pay periods described in the preceding step, we traced the Boards’ time for services performed to supporting certifications the Revised Code requires.
 - After August 2011, certifications were required for Trustees’ salaries based upon the Auditor of State Technical Bulletin 2011-007. The Township did not properly utilize the certification reports; however, timesheets were maintained during the year supporting the allocations.

Official’s Response: The fiscal officer will obtain the certifications from each Trustee each month prior to distributing the payroll checks.

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 to determine the following:
 - The disbursements are for a proper public purpose.

Non-Payroll Cash Disbursements (continued)

- 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).
- We found no exceptions when testing non-payroll cash disbursements.

Compliance-Budgetary

1. We compared the total estimated receipts 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 the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Ambulance Fund, Fire Equipment Fund, Fire Vehicles Fund, Olentangy Cemetery Fund, Walton Cemetery Fund, and Nelson Cemetery Bequest Fund 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, Fire Equipment Fund and Fire Vehicle Fund in 2010 where the amounts recorded in the Revenue Status Report exceeded the Amended Certificate of Estimated Resources by \$4,499, \$20,000 and \$55,000, respectively.

Officials Response: The fiscal officer will continually monitor Estimated Resources and when amendments are necessary in the system, they will properly submit the updates to the County Auditor for approval.

2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Ambulance Fund, Fire Equipment Fund, Fire Vehicles Fund, Olentangy Cemetery Fund, Walton Cemetery Fund, and Nelson Cemetery Bequest Fund, 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 scanning appropriation measures to determine that each department had personal services appropriated separately.
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 2011 and 2010 for the following funds: General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Ambulance Fund, Fire Equipment Fund, Fire Vehicles Fund, Olentangy Cemetery Fund, Walton Cemetery Fund, and Nelson Cemetery Bequest Fund.

Compliance-Budgetary (continued)

- The amounts on the appropriation resolutions agreed to the amounts in the Appropriation Status Reports.
4. Ohio Rev. Code Section 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 Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Ambulance Fund, Fire Equipment Fund, Fire Vehicles Fund, Olentangy Cemetery Fund, Walton Cemetery Fund, and Nelson Cemetery Bequest Fund for the years ended December 31, 2011 and 2010.
- We noted that the General Fund, Fire Equipment Fund and Fire Vehicle Fund appropriations for 2010 exceeded certified resources by \$4,489, \$18,006 and \$55,500, respectively, 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.
 - We noted that for the years ended December 31, 2011 and 2010 that the Certificates of County Auditor That the Total Appropriations from Each Fund Do Not Exceed the Official Estimate of Resources was not amended as appropriations were amended.

Officials Response: The fiscal officer will continually monitor Appropriations and Estimated Resources and when amendments are necessary in the system, they will properly submit the updates to the County Auditor for approval.

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, Motor Vehicle License Tax and Gasoline Tax Fund, as recorded in the Appropriation Status Report.
- We noted no funds for which expenditures to total appropriations exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts 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.

Compliance-Budgetary (continued)

7. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts 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.
8. 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 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.
9. 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, 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)

Compliance-Contracts & Expenditures (continued)

- 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)
 - We identified a contract for road improvements in 2011 and 2010 exceeding \$45,000, subject to Ohio Rev. Code Section 5575.01. For these projects, the Board of Trustees advertised the projects in the local newspaper, and selected the lowest responsive and responsible bidder.
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.
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.
- No exceptions 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 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.

Shullbrook & Mante

Certified Public Accountants

June 6, 2012

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Dave Yost • Auditor of State

WHETSTONE 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
OCTOBER 9, 2012