

**ELK TOWNSHIP  
VINTON COUNTY  
Agreed-Upon Procedures  
December 31, 2009 and 2008**

***Perry & Associates***  
Certified Public Accountants, A.C.



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VINTON COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

June 28, 2010

Elk Township  
Vinton County  
64519 King Road  
McArthur, Ohio 45651

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of **Elk Township, Vinton 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, 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. 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, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Cash Journal to the December 31, 2007 balances in the prior year audited statements. We found errors related to the beginning balance because the manual financial statements prepared by the fiscal officer did not contain investment amounts in the beginning 2008 fund balances.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2009 and 2008 fund cash balances reported in the Cash Journal. The amounts did not agree because the manual financial statements prepared by the fiscal officer did not contain investment amounts in the beginning 2008 fund balances.
4. We confirmed the December 31, 2009 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception.

**Cash and Investments (Continued)**

5. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
  - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2009 and December 31, 2008 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, 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:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipts Journal. 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 Receipts Journal to determine whether it included the proper number of tax receipts for 2009 and 2008:
  - a. Two personal property tax receipts
  - b. Two real estate tax receipts. We noted the Receipts Journal did not include the proper number of tax settlement receipts for each year due to homestead and rollback settlements being recorded as real estate tax receipts.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2009 and five from 2008. We also selected five receipts from the County Auditor's Distribution Lists (DTL) from 2009 and five from 2008.
  - a. We compared the amount from the DTL to the amount recorded in the Receipts Journal. The amounts agreed except for the following: We noted a state warrant for \$179.07 dated October 10, 2008 was not recorded in the Township's Receipts Journal. It was determined that the check was sent to the incorrect address and has since gone stale. We recommend the Township Fiscal Officer contact the state to determine if this check can be reissued.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. We inquired of management, and scanned the Receipts Journal and Appropriation Ledger for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. All debt noted agreed to the summary we used in step 2.

### **Debt (Continued)**

2. We obtained a summary of note debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to the General, Gasoline, and Road & Bridge fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We noted the principal and interest payments were posted as maintenance of equipment, other expense, and materials expenditures instead of principal and interest payments. We found no other exceptions.
3. We inspected the Receipt Register Report and the Payment Register Detail Report for posting of the \$15,770.16 of debt proceeds as noted in the debt documents, and the corresponding capital outlay expenditure of such. Neither the receipts nor the expenditures were recorded in the Township's ledgers. We recommend the Township record debt proceeds and the corresponding capital outlay expenditures.
4. For new debt issued during 2008, we inspected the debt legislation, noting the Township must use the proceeds to purchase a 2004 GMC Sierra dump truck. We determined the Township purchased a 2004 GMC Sierra dump truck in May of 2008 and the bank made 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 Payroll Record and determined whether the following information in the employees' personnel files and minute record 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 (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

2. We tested the checks we selected in step 1, as follows:
  - a. 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 found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in payroll register. We found no exceptions.
  - c. We determined whether the fund and account codes to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and minute record or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

**Payroll Cash Disbursements (Continued)**

<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 28, 2009	\$ 641.44	\$ 641.44
State income taxes	January 15, 2010	December 16, 2009	263.65	263.65
OPERS retirement (withholding plus employee share)	January 31, 2010	December 16, 2009	914.46	914.46

4. For the pay periods ended August 31, 2009 and March 31, 2008, we compared documentation and the re-computation supporting the allocation of Board salaries to the General and the Gasoline Tax Funds. We found no exceptions.

**Non-Payroll Cash Disbursements**

1. For the Appropriation Ledger, we refooted checks recorded as General Fund disbursements for security of persons and property, and checks recorded as public works in the Fire Fund for 2009. We found no exceptions.
2. We agreed total disbursements (non-payroll and payroll) from the Appropriation Ledger and Payroll Record for the years ended December 31, 2009 and 2008 to total disbursements recorded in the Cash Journal. We found no exceptions.
3. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2009 and ten from the year ended 2008 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 from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipts Journal for the General, Gasoline Tax, and Motor Vehicle License Tax Funds for the years ended December 31, 2009 and 2008. The amounts on the *Certificate* agreed to the amount recorded in the accounting system except for the General and Gasoline Tax funds in 2008. The Receipts Journal recorded budgeted (i.e. certified) resources for the General Fund of \$14,682 for 2008. However, the final *Amended Official Certificate of Estimated Resources* reflected \$37,092. The Receipts Journal recorded budgeted (i.e. certified) resources for the Gasoline Tax Fund of \$91,000 for 2008. However, the final *Amended Official Certificate of Estimated Resources* reflected \$88,000. The fiscal officer should periodically compare amounts recorded in the Receipts Journal 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.

**Compliance – Budgetary (Continued)**

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Motor Vehicle License Tax, and Gasoline Tax 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 Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2009 and 2008 for the following funds: General, Motor Vehicle License and Gasoline Tax Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger with the exception of the General Fund in 2008 and 2009. The Appropriations recorded \$47,300 for the General Fund in 2009. However, the Appropriation Ledger reflected \$56,800. The Appropriations recorded \$54,203 for the General Fund in 2008. However, the Appropriation Ledger reflected \$45,308. We found no other exceptions.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline and Motor Vehicle License Tax funds for the years ended December 31, 2009 and 2008. All amounts agreed except for the following: We noted that General Fund appropriations for 2008 exceeded certified resources by \$765, 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.
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, 2009 and 2008 for the General, Motor Vehicle License Tax and Gasoline fund, as recorded in the Appropriation Ledger. All amounts agreed except for the following: We noted that General Fund expenditures for 2009 exceeded total appropriations by \$2,921, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts Journal 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. 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 2009 and 2008 Receipts Journal and Appropriation Ledger for evidence of interfund transfers exceeding 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.
8. We inquired of management and scanned the Appropriation Ledger and Cash Journal 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 Cash Journal and Appropriation Ledger for the years ended December 31, 2009 and 2008 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 Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (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 (Ohio Rev. Code Section 515.07)
  - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
  - f. Private sewage collection tile costs exceeding \$25,000 (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))

We identified no purchases subject to the aforementioned bidding requirements.

2. We inquired of management and scanned the Cash Journal and Appropriation Ledger 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). 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 these exceptions.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

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**Mary Taylor, CPA**  
Auditor of State

**ELK TOWNSHIP**

**VINTON 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**