



Dave Yost • Auditor of State



RACCOON TOWNSHIP  
GALLIA COUNTY

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# Dave Yost • Auditor of State

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

Raccoon Township  
Gallia County  
1856 Pleasant Valley Road  
P.O. Box 313  
Rio Grande, Ohio 45674

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Raccoon Township, Gallia County, Ohio (the Township), 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to provide attest services to the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

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 Report to the December 31, 2009 balances in the prior year audited statements. 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 Ledger Reports. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.

### Cash (Continued)

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 written to the check register, to determine the debits were dated prior to December 31. 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 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 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.

3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected five receipts from the County Auditor's Undivided Local tax spreadsheet and Gas Tax and Gas Excise Tax spreadsheets from 2011 and five from 2010.
  - a. We compared the amount from the DTL and the County Auditor's spreadsheets to the amount recorded in the Revenue Ledger. The amounts agreed with one exception noted. A check in the amount of \$88.20 was issued by the Commerce Department on October 26, 2011. There was no indication of receipt by the Township. Per OBM, this check was issued but never redeemed. We recommend the Fiscal Officer follow up with OBM to have this warrant reissued.
  - 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.
4. We confirmed the amounts paid from the Ohio Public Works Commission on behalf of the Township during 2011. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit report, we noted the following note outstanding as of December 31, 2009. This amount varied from the Township's January 1, 2010 balances on the summary we used in step 3 by \$39.22 due to the prior year balance being incorrect. We do not consider this an exception.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2009:</b>
General Obligation Note – Case Loader	\$16,833

2. We inquired of management, and scanned the Revenue Ledger 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. We noted no new debt issuances.
3. We obtained a summary of note debt activity for 2010 and agreed principal and interest payments from the related debt amortization schedule to the Gasoline Tax fund and General 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 that payments made were \$108.39 less than the amortization schedule due to the Township paying off the loan on December 27, 2010 when final payment was not due until February 27, 2011. We do not consider this an exception.

**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 Payroll Register Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Detail 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. For any new employees selected in step 1 we 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. Department(s) and fund(s) to which the check should be charged.
  - d. Retirement system participation and payroll withholding.
  - e. Federal & State income tax withholding authorization and withholding.
  - f. Any other deduction authorizations (deferred compensation, etc.).

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

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:

**Payroll Cash Disbursements (Continued)**

<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	1/31/12	12/28/11	\$450.54	\$450.54
State income taxes	1/15/12	12/28/11	\$222.70	\$222.70
OPERS retirement	1/30/12	12/27/2011	\$1,026.46	\$1,026.52

4. For the pay periods ended June 30, 2011 and March 31, 2010, we compared documentation and the recomputation supporting the allocation of Board salaries to the General and Gasoline Tax Funds. We found no exceptions.
5. 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**

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 one instance 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 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 disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

**Compliance – Budgetary**

1. We compared the total amounts 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 Fund, Gasoline Tax Fund, and Fire Levy 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 and the Gasoline Tax Fund in 2011. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$159,124.81 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$159,054.85. In addition, the Revenue Status Report recorded budgeted (i.e. certified) resources for the Gasoline Tax fund of \$81,196.48 in 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$85,863.78. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report 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 2011 and 2010 to determine whether, for the General Fund, Gasoline Tax Fund, and Fire Levy 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.
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 Fund, Gasoline Tax Fund, and Fire Levy Fund. The amounts on the appropriation resolutions and approved amendments did not agree to the amounts recorded in the Appropriation Status reports as follows:

At December 31, 2011

<u>Fund</u>	<u>Amount Per Approved Appropriations</u>	<u>Amount Per Appropriation Status Report</u>
General Fund	\$329,119.65	\$274,482.29
Gasoline Tax Fund	\$119,849.01	\$115,512.20

At December 31, 2010

<u>Fund</u>	<u>Amount Per Approved Appropriations</u>	<u>Amount Per Appropriation Status Report</u>
General Fund	\$308,218.76	\$198,827.28
Gasoline Tax Fund	\$129,991.13	\$93,148.92
Fire Levy Fund	\$23,692.04	\$19,060.00

The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved per the Appropriation resolution and supplemental appropriations to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

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 Fund, Gasoline Tax Fund and Fire Levy Fund for the years ended December 31, 2011 and 2010. We noted that Gasoline Tax Fund appropriations for 2010 exceeded certified resources by \$38.96, 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, 2011 and 2010 for the General Fund, Gasoline Tax Fund, and Fire Levy 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.

### **Compliance – Budgetary (Continued)**

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 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 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 (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)).
  - 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 road repair project exceeding \$45,000, subject to Ohio Rev. Code Section 5575.01. For this project, we noted that the Board advertised the project in a local newspaper, and selected the lowest responsible bidder. The contract was made directly with the contractor upon the terms, conditions, and limitations of the bid.

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.

**Officials' Response:** We did not receive a response from Officials to the exceptions reported above for #3a in the Property Taxes, Intergovernmental and Other Confirmable Cash Receipts program, part d in the Non-Payroll Cash Disbursements program and #3 and #4 in the Compliance – Budgetary program. For Compliance – Budgetary #1, we received the following response: Around the 3rd week in December, the Fiscal Officer asked Terri Short of the County Auditor's office if we would be receiving any money before the end of the year. She said we would be receiving a Gas check on December 29, 2012. Normally if a check is distributed on Thursday (as this one was) it is deposited in the township account on Friday. The person in the auditor's office didn't get the check deposited until after the Friday 31st. As the Fiscal Officer had the check stub she entered a receipt for the \$4669.67 in 2011. She had already turned in the 6th amended certificate to the county auditor before she was aware the check was not deposited until 2012. She had not ended the year on her computer so she voided receipt 86-2011 in the amount of \$4669.67 and issued a new receipt in 2012.

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



**Dave Yost**  
Auditor of State

May 8, 2012

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# Dave Yost • Auditor of State

**RACCOON TOWNSHIP**

**GALLIA 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  
MAY 24, 2012**