



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Osnaburg Township
Stark County
7115 Hillvale Street S.E.
East Canton, Ohio 44730

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Osnaburg Township (the Township), solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009, 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, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report to the December 31, 2008 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, 2010 and 2009 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2010 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, 2010 bank reconciliation without exception.

5. We selected five outstanding checks haphazardly from the December 31, 2010 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January 2011 bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the Payment Register 2010, to determine the checks 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 2010 and one from 2009:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We also traced the advances noted on the Statement to the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds 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 the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Two real estate tax receipts plus six advancesWe noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2010 and 2009.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
 - 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. The prior audit report disclosed no debt outstanding as of December 31, 2008.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2010 and 2009 or debt payment activity during 2010 or 2009. We noted no new debt issuances, nor any debt payment activity during 2010 or 2009.

Payroll Cash Disbursement

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Employee Detail Adjustment Report and determined whether the following information in the employees' personnel file, the minute record and the 2010 Compensation Charts from Ohio Revised Codes 505.24 and 507.09 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 & 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 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 file, the minute record and the 2010 Compensation Charts from Ohio Revised Codes 505.24 and 507.09. 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, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2010. We noted the following:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	1/31/11	12/27/10	\$3,178.76	\$3,178.76
State income taxes	1/15/11	12/27/10	\$515.49	\$515.49
Local income tax	1/31/11	12/27/10	\$452.63	\$452.63
OPERS retirement (withholding plus employee share)	1/30/11	1/10/11	\$1,727.32	\$1,727.32

4. For the pay periods ended March 22, 2010 and August 24, 2009 we compared documentation and the recomputation supporting the allocation of the Board monthly salaries to the General (1000), Gasoline Tax (2021), Road and Bridge (2031), and Fire (2111) Funds. We found no exceptions.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register for the year ended December 31, 2010 and ten from the year ended 2009 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 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 Revenue Status Report for the General (1000), Fire District (2111), and Road Levy (2141) funds for the years ended December 31, 2010 and 2009. The *Amended Official Certificate of Estimated Resources* agreed to the amount recorded in the accounting system, except for the General fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$99,886 for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$103,497. In addition, the 2009 Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$110,221 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$109,927. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded in the *Amended Official Certificate of Estimate Resources* 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 2010 and 2009 to determine whether, for the General (1000), Fire District (2111), and Road Levy (2141) 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 Status Report for 2010 and 2009 for the following funds: General (1000), Fire District (2111), and Road Levy (2141). The amounts on the appropriation resolutions agreed to the amounts recorded in the Comp. of Disb. / Encumbrances Report.
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 (1000), Fire District (2111), and Road Levy (2141) funds for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 for the General (1000), Fire District (2111), and Road Levy (2141) funds, as recorded in the Comp. of Disb. / Encumbrances 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, 2010 and 2009. 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 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$19,000 which Ohio Rev. Code Section 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 established two Capital Improvement reserve accounts. We noted the Township properly transferred money from allowable funds. Ohio Rev. Code Section 5705.13(C) limits the amount of time the Township can accumulate funds to ten years. The funds were established in 2008 and 2007.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 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 a chip and seal project exceeding \$25,000, subject to Ohio Rev. Code Section 515.07. For this project, we noted that the Board advertised the project in a local newspaper, and selected the lowest responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 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.
3. For the chip and seal project described in step 2 above, we read the contracts 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 contracts did not include the Ohio Department of Commerce's schedule of prevailing rates.

Officials' Response: In my opinion the Revenue Status Report is the tool, which allows the Trustees and Fiscal Officer to monitor the receipt of anticipated funds during the year based on estimates, which have been determined through the budget. I do not feel that the Trustees are using inaccurate information for budgeting and monitoring as they can see the actual figures in the amount received column. I am constantly monitoring the funds and comparing figures to previous years to keep the Trustees fully informed.

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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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 21, 2011



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OSNABURG TOWNSHIP

STARK 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 12, 2011