

Brush Creek Township
Scioto County
Agreed-Upon Procedures
For the Years Ended December 31, 2009 and 2008



Brush Creek Township
Scioto County
Table of Contents
For the Years Ended December 31, 2009 and 2008

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

Independent Accountants' Report on Applying Agreed-Upon Procedures

Brush Creek Township
Scioto County
P.O. Box 12
Otway, Ohio 45657

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Brush Creek Township, Scioto County (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

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 no exceptions.
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 agreed.
4. We confirmed the December 31, 2009 bank account balances 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.
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 Cash Journal, 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 2009 and one from 2008:
 - 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 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 2009 and 2008:
 - 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 all receipts from the State Distribution Transaction Lists (DTL) from 2009 and all from 2008.
 - a. We compared the amount from the DTL to the amount recorded in the Revenue Ledger. Both real estate homestead and rollback remittances for 2009 and both for 2008 were recorded net of State fees.

Description	Confirmation	Revenue/ Appropriation Ledger	Overstatement (Understatement)
<i>2009</i>			
First half real estate tax state distribution	\$1,791.15 to General	\$1,750.09 to General	(\$41.06)
First half real estate tax state distribution fees	\$41.06 to General	\$0.00 to General	(\$41.06)
Second half real estate tax state distribution	\$1,788.30 to General	\$1,737.76 to General	(\$50.54)
Second half real estate tax state distribution fees	\$50.54 to General	\$0.00 to General	(\$50.54)
<i>2008</i>			
First half real estate tax state distribution	\$1,791.15 to General	\$1,750.09 to General	(\$41.06)
First half real estate tax state distribution fees	\$41.06 to General	\$0.00 to General	(\$41.06)
Second half real estate tax state distribution	\$1,788.30 to General	\$1,737.76 to General	(\$50.54)
Second half real estate tax state distribution fees	\$50.54 to General	\$0.00 to General	(\$50.54)

Brush Creek Township
 Scioto County
 Independent Accountants' Report on Applying Agreed-Upon Procedures

- b. We determined whether these receipts were allocated to the proper fund. We found one exception. The second half manufactured home rollback remittance was not properly allocated in either year. We therefore requested management to adjust these amounts back to the General Fund and verified the Fiscal Officer adjusted these amounts.

Description	Confirmation	Revenue/ Appropriation Ledger	Overstatement (Understatement)
<i>2009</i>			
Second half manufactured home tax state distribution	\$54.64 to General	\$129.39 to General	\$74.75
	\$7.28 to Road and Bridge	\$0.00 to Road and Bridge	(\$7.28)
	\$14.56 to Cemetery	\$0.00 to Cemetery	(\$14.56)
	\$52.91 to Fire	\$0.00 to Fire	(\$52.91)
<i>2008</i>			
Second half manufactured home tax state distribution	\$53.16 to General	\$64.26 to General	\$11.10
	\$7.08 to Road and Bridge	\$5.99 to Road and Bridge	(\$1.09)
	\$14.10 to Cemetery	\$11.94 to Cemetery	(\$2.16)
	\$51.26 to Fire	\$43.41 to Fire	(\$7.85)

- c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
- 4. We confirmed the amounts paid from Ohio Public Works Commission to the Township during 2008 with the Commission. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-the-Counter Cash Receipts

- 1. We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2009 and 10 over-the-counter cash receipts from the year ended 2008 recorded in the duplicate cash receipts book and determined whether the:
 - a. Receipt amount agreed to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.

Debt

- 1. We inquired of management, and scanned the Revenue Ledger 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.
- 2. We obtained a summary of bonded and loan debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to General Fund and Gasoline Tax 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 found no exceptions.

3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General and Gasoline Tax Funds per the Revenue Ledger. The Township properly recorded the proceeds for the Land Bond in the General Fund as required by Ohio Revised Code Section 5705.09(E). The Township did not record the proceeds of the Dump Truck loan, which amounted to \$16,500.
4. For new debt issued during 2008, we inspected the debt legislation, noting the Township must use the proceeds to purchase land and a dump truck. We scanned the Appropriation Ledger and noted the Township purchased land in August of 2008. The payment for the purchase of the dump truck was made directly from the bank to the vendor. We reviewed supporting documentation to verify this. However, the purchase was not recorded within the Appropriation Ledger of the Township, which amounted to \$16,500.

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 Register and determined whether the following information in the employees' personnel files, minute record, or as required by statute 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 and 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, except the state and federal tax withholding authorization forms and the retirement system enrollment forms could not be located for all employees tested. However, the Payroll Register did disclose state and federal tax and retirement withholdings for these employees. We recommend the Township maintain all documentation to support wages paid and deductions withheld.

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 the Payroll Register. We found no exceptions.
 - c. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files, minute record, or as required by statute. Allocations to the Gasoline Tax Fund were not properly supported by timesheets for the three Trustees' salaries tested in 2009 in the amount of \$631.08 and one of the Trustees' salaries tested in 2008 in the amount of \$204.12. We proposed the appropriate adjustments and verified that the Fiscal Officer adjusted these amounts.
 - d. We also determined whether the payment was posted to the proper year. We found no exceptions.

Brush Creek Township
 Scioto County
 Independent Accountants' Report on Applying Agreed-Upon Procedures

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:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	1/31/10	12/17/09	\$479	\$479
State income taxes	1/15/10	12/17/09	183	183
OPERS retirement (withholding plus employer share)	2/1/10	12/17/09	990	990

4. For the pay periods ended March 26, 2009 and July 31, 2008, we compared documentation and the recomputation supporting the allocation of Board salaries to the General and Gasoline Tax Funds. We found that allocations to the Gasoline Tax Fund were not properly supported by timesheets for the three Trustees' salaries tested in 2009 in the amount of \$631.08 and one of the Trustees' salaries tested in 2008 in the amount of \$204.12. We therefore requested management to adjust these amounts back to the General Fund. We noted the Fiscal Officer adjusted these amounts on August 30, 2010.

Non-Payroll Cash Disbursements

1. For the Appropriation Ledger, we refooted checks recorded as General Fund disbursements for general government, and checks recorded as public works in the Gasoline Tax Fund for 2009. The General Fund did not foot by \$158. We found no exceptions for the Gasoline Tax Fund.
2. We agreed total disbursements (non-payroll and payroll) from the Appropriation Ledger for the years ended December 31, 2009 and 2008 to the total disbursements recorded in the Cash Journal. Disbursements per the Appropriation Ledger did not agree to the Cash Journal by \$327 in 2009 and by \$763 in 2008.
3. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2009 and ten from the year ended December 31, 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 Cash Journal 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 Revised Code Section 5705.41(D). We found eighteen instances where disbursements requiring certification were not certified and two instances where the certification date was after the vendor invoice date. Ohio Revised Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

Compliance – Budgetary

1. We compared the total from the Amended Official Certificate of Estimated Resources, required by Ohio Revised Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Ledger for the General Fund, Gasoline Tax Fund and Fire Fund for the years ended December 31, 2009 and 2008. The Fiscal Officer did not record estimated resources in the Revenue Ledger. The Fiscal Officer should record estimated resources within the Revenue Ledger, maintain a running balance of resources remaining to be collected, and periodically compare amounts recorded in the Revenue Ledger to amounts recorded on the 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.
2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Gasoline Tax, and Fire 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.
3. We compared total appropriations required by the Ohio Revised Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2009 and 2008 for the following funds: General, Gasoline Tax, and Fire Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger, except for the General Fund in 2008. The Appropriation Ledger recorded appropriations for the General Fund of \$104,362 for 2008. However, the appropriation resolution reflects \$62,362. The Fiscal Officer should periodically compare the amounts recorded in the Appropriation Ledger to the amounts recorded in the appropriations measure to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
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 Funds for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 for the General, Gasoline Tax, and Fire Funds, as recorded in the Appropriation Ledger. We noted that General Fund expenditures for 2008 exceeded total appropriations by \$13,570, contrary to Ohio Revised Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary and if resources are available.

Brush Creek Township
Scioto County
Independent Accountants' Report on Applying Agreed-Upon Procedures

6. Ohio Revised Code Section 5705.09 requests 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, 2009 and 2008. We also inquired of management regarding whether the Township received new restricted receipts. The Trustees established the park fund during 2008, and transferred \$2,754 of general fund cash, which was appropriated within the general fund for park purposes, into it. However, Ohio Revised Code Section 5705.09 does not require establishing this fund (i.e., there are no external restrictions limiting the use of its cash). Therefore, Ohio Revised Code Section 5705.12 requires the Township to obtain the Auditor of State's permission to establish this fund. The Township did not obtain this permission. We therefore requested management to adjust this fund's remaining cash balance back to the General Fund and verified the Fiscal Officer adjusted these amounts.
7. We scanned the 2009 and 2008 Revenue Ledger and Appropriation Ledger 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 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 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))

We identified no purchases subject to the aforementioned bidding requirements. However, we identified one road maintenance project in 2008 that was subject to competitive bidding requirements in accordance with Ohio Revised 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.

Brush Creek Township
Scioto County
Independent Accountants' Report on Applying Agreed-Upon Procedures

2. We inquired of management and scanned the 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 Revised Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified one road maintenance project in 2008 exceeding \$45,000. However, this project does not require the county engineer to complete a force account cost estimate as the Township opted to competitively bid this project in accordance with Ohio Revised Code Section 5575.01.
3. For the road maintenance project described in steps 1 and 2 above, we read the contract and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Revised Code Sections 4115.04 and 4115.05. The contract included the Ohio Department of Commerce's schedule of prevailing rates.

Officials' Response

The Township 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 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.

August 27, 2010

This Page is Intentionally Left Blank.



Mary Taylor, CPA
Auditor of State

BRUSH CREEK TOWNSHIP

SCIOTO 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 9, 2010**