



**GORHAM TOWNSHIP  
FULTON COUNTY**

**AGREED-UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**



**Mary Taylor, CPA**  
Auditor of State



**GORHAM TOWNSHIP  
FULTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Agreed-Upon Procedures .....	1

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

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

Gorham Township  
Fulton County  
405 North Fayette Street  
Fayette, Ohio 43521-9590

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Gorham Township, Fulton County (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, 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 Fund Status Report 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 Fund Status Reports. 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 payment register, 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 Receipt Register Report. 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 Receipt Register Report 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 receiptsWe noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2009 and five from 2008.
  - 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 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 Fulton County to the Township during 2009 and 2008 for EMS contract. We also confirmed the amount paid from the Village of Fayette to the Township during 2009 for purchase of a dump truck. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

#### **Debt**

1. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. We noted no new debt issuances or debt outstanding as of December 31, 2009 or 2008. However we noted debt payment activity during 2008 which agreed to the summary we used in step 2.
2. We obtained a summary of note debt activity for 2008 and agreed principal and interest payments from the related debt amortization schedule to the fire levy 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.

### 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 Employee Detail Adjustment Report and determined whether the following information in the employees' personnel files and minute records 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 for the following:

- Federal withholding form was not maintained for one employee. However, the payroll register did disclose federal withholdings for this employee.
- State withholding forms were not maintained for eight employees. However, the payroll register did disclose state withholdings for these employees.
- Local withholding form was not maintained for one employee. However, the payroll register did disclose local withholdings for this employee.

We recommend the Township maintain all documentation to support 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 except for four employees.

In 2008, the gross pay for a trustee selected was computed from a salary of \$9,004; however, the Board had already unanimously authorized for the maximum compensation permitted under Ohio Revised Code Section 505.24 to be paid to that trustee by the salary method, which was \$10,288 based on the 2008 Township budget.

In 2009, the gross pay for two trustees selected was computed from separate, but equal, salaries of \$9,004; however, the Board had already unanimously authorized for the maximum compensation permitted under Ohio Revised Code Section 505.24 to be paid to those two trustees by the salary method, which was \$10,288 for each of the two trustees based on the 2009 Township budget.

We recommend the Township compensate its trustees in accordance with the requirements set forth in Ohio Revised Code Section 505.24.

In 2009, pursuant to Ohio Revised Code Section 507.09, a fiscal officer's salary should have been \$16,977 based on the Township's 2009 budget; however, the gross pay of the fiscal officer was computed from a salary of \$14,147.

Pursuant to Ohio Revised Code Section 507.09, a township fiscal officer electing to receive less than the compensation the fiscal officer is entitled shall so notify the board of township trustees in writing, and the board shall include this notice in the minutes of its next board meeting.

The Fiscal Officer did not submit written notice to the Board of Township Trustees electing to receive less than the compensation the Fiscal Officer was entitled to receive in 2009. We recommend the Township compensate the Fiscal Officer in accordance with the requirements set forth in Ohio Revised Code Section 507.09.

- 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 minute records 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:

<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 21, 2009	\$549.17	\$549.17
State income taxes	January 15, 2010	December 21, 2009	\$229.46	\$229.46
Local income tax	January 31, 2010	December 21, 2009	\$53.04	\$53.04
OPERS retirement (withholding plus employer share)	January 30, 2010	December 21, 2009	\$1,117.36	\$1,117.36

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report 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 image 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. We found two instances where the certification date was after the vendor invoice date. Ohio Rev. 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* (the Certificate), required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Ambulance and EMS 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 2009. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Gasoline Tax funds of \$92,050 and \$85,200, respectively for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$101,600 and \$85,000 respectively. 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.

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Gasoline Tax and Ambulance and EMS 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 2009 and 2008 for the following funds: General, Gasoline Tax and Ambulance and EMS funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status 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, Gasoline Tax and Ambulance and EMS funds for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 for the General, Gasoline Tax and Ambulance and EMS funds, 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, 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 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 -- .16 restrict. There were no interfund transfers in 2009 or 2008.
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 and Expenditures**

1. We inquired of management and scanned the Payment Register Detail report 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 or reconstruction of a township road exceeding \$15,000 per mile. (Ohio Rev. Code section 5575.01)
  - c. Contracts for the maintenance or repair of roads, where the amount involved exceeds \$45,000. In each case, the board must advertise once, not later than two weeks prior to the letting of the contract, in a newspaper published in the county and of general circulation in the township. Award must be to the lowest responsible bidder. (Ohio Rev. Code Section 5575.01).

- d. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Rev. Code Section 511.12)
- e. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Rev. Code Sections 505.37 to 505.42)
- f. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Rev. Code Section 515.07)
- g. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
- h. Private sewage collection tile costs exceeding \$25,000 (Ohio Rev. Code Sections 521.02 to 521.05)
- i. 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 road maintenance project in 2008 exceeding \$45,000, subject to Ohio Rev. Code Section 5575.01. For this project, we noted the Board did not advertise the project in a newspaper in Fulton County and of general circulation in the Township.

We identified a contract in 2009 to purchase a single axle dump truck with related equipment to be used for road maintenance and snow plowing exceeding \$25,000, subject to Ohio Rev. Code Section 5549.21. For this project, we noted the Board advertised for the contract 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, 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.
3. For the 2008 road maintenance project described in step 1 above, we read the related contract and noted that it did not require the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract did not include the Ohio Department of Commerce's schedule of prevailing rates.

For the 2009 road maintenance project that exceeded the prevailing wage threshold of \$22,166 but did not exceed the competitive bidding threshold of \$45,000 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.

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 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 "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

July 12, 2010





**Mary Taylor, CPA**  
Auditor of State

**GORHAM TOWNSHIP**

**FULTON 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  
AUGUST 24, 2010**