



Mary Taylor, CPA  
Auditor of State





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

McLean Township  
Shelby County  
P.O. Box 68  
Fort Loramie, Ohio 45845

We have performed the procedures enumerated below, with which the Board of Trustees and the management of McLean Township, Shelby 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 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.
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.

### 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 receipts
  - c. Two manufactured home tax receipts

We noted the Receipts Register Report included the proper number of tax settlement receipts for each year. We also noted several instances of receipts incorrectly posted as tax revenue instead of intergovernmental revenue, which included the following receipts:

- Receipt #1 dated 1/30/08 posted to the General fund and Road & Bridge fund in the amounts of \$62.18 and \$113.50, respectively, for the \$10,000 personal property exempt settlement.
- Receipt #16 dated 4/19/08 posted to the General fund and Road & Bridge fund in the amounts of \$1,689.40 and \$3,941.91, respectively, for homestead and rollback settlement.
- Receipt #19 dated 4/30/08 posted to the General fund and Road & Bridge fund in the amounts of \$6.00 and \$26.98, respectively, for homestead and rollback settlement.
- Receipt #35 dated 7/19/08 posted to the General fund and Road & Bridge fund in the amounts of \$231.98 and \$103.88, respectively, for personal property tax reimbursement.
- Receipt #67 dated 9/30/08 posted to the General fund and Road & Bridge fund in the amounts of \$5.77 and \$25.98, respectively, for homestead and rollback settlement.
- Receipt #74 dated 10/27/08 posted to the General fund and Road & Bridge fund in the amounts of \$695.93 and \$311.64, respectively, for personal property tax reimbursement.
- Receipt #77 dated 11/24/08 posted to the General fund and Road & Bridge fund in the amounts of \$23.39 and \$105.27, respectively, for homestead settlement.
- Receipt #85 dated 12/28/08 posted to the General fund and Road & Bridge fund in the amount of \$695.94 and \$311.64, respectively, for personal property tax reimbursement.
- Receipt #11 dated 4/30/09 posted to the General fund and Road & Bridge fund in the amounts of \$1,831.09 and \$4,272.54, respectively, for homestead and rollback settlement.
- Receipt #13 dated 5/31/09 posted to the General fund and Road & Bridge fund in the amounts of \$6.12 and \$27.61, respectively, for homestead and rollback settlement.
- Receipt #38 dated 10/26/09 posted to the General fund and Road & Bridge fund in the amounts of \$6.10 and \$27.50, respectively, for rollback settlement.
- Receipt #41 dated 10/26/09 posted to the General fund and Road & Bridge fund in the amounts of \$900.23 and \$481.99, respectively, for personal property tax reimbursement.
- Receipt #48 dated 11/23/09 posted to the General fund and Road & Bridge fund in the amounts of \$24.30 and \$109.34, respectively, for homestead settlement.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)**

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; however, the homestead and rollback receipts should be posted at gross per tax settlement sheets instead of net received.
  - 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.
4. We confirmed five receipts from 2009 and five from 2008 from the amounts paid from the Shelby County Auditor to the Township. 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, nor any debt payment activity during 2009 or 2008.

### **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, minute record, and ORC compensation table 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 code(s) to which the check was posted was 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.

**Payroll Cash Disbursements (Continued)**

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:

<u>Withholding</u>	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Withheld</u>	<u>Amount Paid</u>
Federal income taxes (withholding plus employer share)	January 31, 2010	December 30, 2009	\$484.29	\$484.29
State income taxes	January 15, 2010	December 30, 2009	\$80.32	\$80.32
Local income tax	January 31, 2010	December 30, 2009	\$67.15	\$67.15
OPERS retirement (withholding plus employer share)	January 30, 2010	December 30, 2009	\$1,023.20	\$1,023.20

4. For the pay periods ended December 30, 2009 and June 26, 2008, we compared documentation and the re-computation supporting the allocation of Board salaries to the General and Road & Bridge Funds. We found no exceptions.

**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 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 Revenue Status Report for the General, Gas Tax, and Road & Bridge funds for the years ended December 31, 2009 and 2008. The amounts agreed.
2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Gas Tax, and Road & Bridge 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, Gas Tax, and Road & Bridge funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.

**Compliance – Budgetary (Continued)**

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, Gas Tax, and Road & Bridge 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, Gas Tax, and Road & Bridge 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, 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 exceeding \$3,000 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, 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.

**Compliance – Contracts & Expenditures (Continued)**

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.

We identified a road project in 2009 exceeding \$45,000, subject to Ohio Rev. Code Section 5575.01, and for this project, we noted the Board advertised the project in a local newspaper and selected the lowest responsible bidder.

3. For the road maintenance project described in step 2 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 website address to obtain 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.



**Mary Taylor, CPA**  
Auditor of State

March 8, 2010





**Mary Taylor, CPA**  
Auditor of State

**MCLEAN TOWNSHIP**

**SHELBY 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  
APRIL 8, 2010**