

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



Vernon Township  
Scioto County  
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For the Years Ended December 31, 2009 and 2008

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**Independent Accountants' Report on Applying Agreed-Upon Procedures**

Vernon Township  
Scioto County  
5924 Lick Run Lyra Road  
Wheelersburg, Ohio 45694

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Vernon 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 Fund Ledger 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.

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6. We selected the only deposit in transit from the December 31, 2009 bank reconciliation:
  - a. We traced the deposit to the credit appearing in the subsequent January bank statement. We found no exceptions.
  - b. We agreed this deposit's amount to the Revenue Ledger. The deposit in transit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2009 and 2008 to determine if they were properly recorded in the accounting records and on each bank statement. We found 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 one from 2008 were recorded net of State fees.

| Description  | Confirmation       | Revenue/<br>Appropriation<br>Ledger | Overstatement<br>(Understatement) |
|--|--------------------|-------------------------------------|-----------------------------------|
| <i>2009</i>  |                    |                                     |                                   |
| First half real estate tax state distribution      | \$7,026.31 to Fire | \$6,732.95 to Fire                  | (\$293.36)                        |
| First half real estate tax state distribution fees | \$293.36 to Fire   | \$0.00 to Fire                      | (\$293.36)                        |

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| Description   | Confirmation                | Revenue/<br>Appropriation<br>Ledger | Overstatement<br>(Understatement) |
|---|-----------------------------|-------------------------------------|-----------------------------------|
| <i>2009 (Continued)</i>                             |                             |                                     |                                   |
| Second half real estate tax state distribution      | \$2,592.36 to General       | \$2,519.36 to General               | (\$73.00)                         |
|   | \$3,411.08 to Road & Bridge | \$3,338.08 to Road & Bridge         | (\$73.00)                         |
|   | \$6,991.52 to Fire          | \$6,918.52 to Fire                  | (\$73.00)                         |
|   | \$4,031.88 to Ambulance     | \$3,956.43 to Ambulance             | (\$75.45)                         |
| Second half real estate tax state distribution fees | \$73.00 to General          | \$0.00 to General                   | (\$73.00)                         |
|   | \$73.00 to Road & Bridge    | \$0.00 to Road & Bridge             | (\$73.00)                         |
|   | \$73.00 to Fire             | \$0.00 to Fire                      | (\$73.00)                         |
|   | \$75.45 to Ambulance        | \$0.00 to Ambulance                 | (\$75.45)                         |
| <i>2008</i>   |                             |                                     |                                   |
| Second half real estate tax state distribution      | \$2,496.30 to General       | \$2,450.00 to General               | (\$46.30)                         |
|   | \$3,284.60 to Road & Bridge | \$3,220.00 to Road & Bridge         | (\$64.60)                         |
|   | \$6,729.95 to Fire          | \$6,600.00 to Fire                  | (\$129.95)                        |
|   | \$3,880.99 to Ambulance     | \$3,832.92 to Ambulance             | (\$48.07)                         |
| Second half real estate tax state distribution fees | \$46.30 to General          | \$0.00 to General                   | (\$46.30)                         |
|   | \$64.60 to Road & Bridge    | \$0.00 to Road & Bridge             | (\$64.60)                         |
|   | \$129.95 to Fire            | \$0.00 to Fire                      | (\$129.95)                        |
|   | \$48.07 to Ambulance        | \$0.00 to Ambulance                 | (\$48.07)                         |

- b. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
- c. We determined whether the receipts were 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 note and lease debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to the Gasoline Tax Fund and Fire Special Levy 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. For new debt issued during 2009, we inspected the debt legislation, noting the Township must use the proceeds of the new lease to purchase a fire truck. The bank paid the vendor directly for the fire truck. However, we reviewed the minutes and inquired of the Fiscal Officer to verify that the Township obtained the fire truck in April 2009.

**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 retirement system enrollment form was not maintained for one employee. However, the payroll register did disclose retirement withholdings for this employee. 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 codes 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. 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:

| Withholding  | Date Due | Date Paid | Amount Withheld | Amount Paid |
|--|----------|-----------|-----------------|-------------|
| Federal income taxes                               | 1/31/10  | 12/31/09  | \$457           | \$457       |
| State income taxes                                 | 1/15/10  | 12/31/09  | 325             | 325         |
| OPERS retirement (withholding plus employer share) | 2/1/10   | 12/31/09  | 1,554           | 1,554       |

4. For the pay periods ended July 30, 2009 and June 30, 2008, we compared documentation and the recomputation supporting the allocation of Board salaries to the Gasoline Tax Fund. We found no exceptions.

### Non-Payroll Cash Disbursements

1. 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 one instance 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, Gasoline Tax and Fire Special Levy Funds for the years ended December 31, 2009 and 2008. The amounts on the Certificate did not agree to the amounts recorded in the accounting system for all funds selected in 2008 and 2009. The Revenue Ledger recorded budgeted (i.e. certified) resources for the General, Gasoline Tax, and Fire Special Levy Funds of \$77,083, \$92,625, and \$116,993, respectively, in 2009, and \$65,408, \$85,856, and \$119,755, respectively, for 2008. However, the final Amended Official Certificate of Estimated Resources reflected \$72,950, \$82,318, and \$116,724, respectively, for 2009, and \$51,757, \$52,130, and \$96,955, respectively, for 2008. The Fiscal Officer should periodically compare amounts recorded in the Revenue Ledger 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 Fire Special Levy 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 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 Special Levy Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger report.
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 Special Levy 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 Special Levy Funds, as recorded in the Appropriation Ledger. We noted no funds for which expenditures exceeded appropriations.

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6. Ohio Revised Code Section 5705.09 requires 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. We noted no evidence of new restricted receipts for which Ohio Revised Code Section 5705.09 would require the Township to establish a new fund.
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 the 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 Payment Register Vendor 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 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.

2. We inquired of management and scanned the Payment Register Vendor 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 Revised 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.



**Officials' Response**

Response from fiscal officer of Vernon Township:

*Non-Payroll Cash Disbursements - use of a then and now certificate - certification date was after the vendor invoice date*

This was an error on my part. I am aware of the requirement for using Then and Now Certificates. However in this instance, I overlooked the need for one.

*Compliance – Budgetary - amounts on certificate did not agree to amounts in computer.*

I am not sure how this happened. It was an error on my part. In an effort to correct the problem in the future, I will make it a point to regularly compare the amounts in the revenue ledger with the Amended Certificate to ensure they agree. I will make certain the computer records and paper document agree.

*Payroll cash disbursements - keeping a retirement system enrollment form for employees.*

I was not aware that I needed to have these for all employees. I only had them for elected officers. I requested copies for all other employees which will be kept in their personnel files.

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 18, 2010

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**Mary Taylor, CPA**  
Auditor of State

**VERNON 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 4, 2010**