

Perry Township  
Brown County

Agreed-Upon Procedures

For the Years Ended December 31, 2010 and 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Dave Yost • Auditor of State

Board of Trustees  
Perry Township  
19957 Fayetteville Blanchester Road  
Fayetteville, Ohio 45118

We have reviewed the *Independent Accountants' Report on Applying Agreed Upon Procedures* of Perry Township, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Perry Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 10, 2011

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

Perry Township  
Brown County  
19957 Fayetteville Blanchester Road  
Fayetteville, Ohio 45118

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

This report only describes exceptions exceeding \$10.

### Cash and Investments

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 Cash Journal 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 Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2010 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, 2010 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates written to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

6. We tested investments held at December 31, 2010 and December 31, 2009 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. 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. 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

We 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 2010 and five from 2009. We also selected five receipts for the County Auditor's Vendor Report from 2010 and five from 2009.
  - a. We compared the amount from the DTL and the County Report 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. From the prior audit report, we noted the following bonds outstanding as of December 31, 2008. This amount agreed to the Township's January 1, 2009 balance on the summary we used in step 3.

| Issue                    | Principal outstanding<br>as of December 31, 2008 |
|--------------------------|--|
| General Obligation Bonds | \$160,000  |

2. We inquired of management, and scanned the Receipt Register Report and Check Register for evidence of debt issued during 2010 or 2009 or debt payment activity during 2010 or 2009. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to general bond retirement fund payments reported in the Check Register. 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 2010 and one payroll check for five employees from 2009 from the Employee Detail Adjustment Report and:
  - 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 were reasonable based on the employees' duties as documented in the employees' personnel files and minute record or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
  
2. 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 if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2010. We noted the following:

| <b>Withholding</b>                                   | <b>Date Due</b>  | <b>Date Paid</b> | <b>Amount Due</b> | <b>Amount Paid</b> |
|--|------------------|------------------|-------------------|--------------------|
| Federal income taxes & Medicare                      | January 31, 2011 | 12/31/2010       | \$569.72          | \$569.72           |
| State income taxes                                   | January 15, 2011 | 12/30/2010       | \$490.70          | \$490.70           |
| OPERS retirement (withholding plus employer's share) | January 30, 2011 | 1/13/2011        | \$1,692.48        | \$1,692.48         |

**Non-Payroll Cash Disbursements**

1. From the Payment Register Detail Report, we re-footed checks recorded as General Fund disbursements for general government, and checks recorded as public works in the Gasoline Tax Fund for 2010. We found no exceptions.
  
2. We haphazardly selected ten disbursements from the Check 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 Check 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 amounts from the *Amended Official Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Comparison of Budgeted and Actual Receipts Report for the General, Motor Vehicle License and Gasoline Tax funds for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Motor Vehicle License and Gasoline Tax 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 Comparison of Disbursements and Encumbrances with Expenditure Authority All Budgeted Funds for 2010 and 2009 for the following funds: The General, Motor Vehicle License and Gasoline Tax funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority All Budgeted Funds report for 2010 and 2009. The Comparison of Disbursements and Encumbrances with Expenditure Authority All Budgeted Funds recorded budgeted (i.e. certified) expenditures for the General at \$198,065 for 2009. However, the final *Appropriation Resolution with Trustee-Approved Appropriations amendments* reflected \$205,165 for the same fund. The Comparison of Disbursements and Encumbrances with Expenditure Authority All Budgeted Funds recorded budgeted (i.e. certified) expenditures for the General and Motor Vehicle License funds at \$172,169 and \$30,699 for 2010. However, the final *Appropriation Resolution with Trustee-Approved Appropriations amendments* reflected \$174,092 and \$40,596 for the same funds. The fiscal officer should periodically compare amounts recorded in the Comparison of Budgeted and Actual Receipts 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.
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, Motor Vehicle License and Gasoline Tax 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, Motor Vehicle License and Gas Tax funds, as recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority. 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 Comparison of Budgeted and Actual Receipts Report and Comparison of Disbursements and Encumbrances with Expenditure Authority for evidence of interfund transfers exceeding \$5,000 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 Comparison of Disbursements and Encumbrances with Expenditure Authority 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 Check Register 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))
  - h. Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
  - i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Rev. Code Section 5575.01)

We identified a road project in 2009 and a road project in 2010 exceeding \$45,000, subject to Ohio Rev. Code 5575.01. For the 2009 and 2010 projects, we noted the board advertised two weeks prior to the letting of the contract and the contract was awarded to the lowest bidder.

2. We inquired of management and scanned the Check Register for the years ended December 31, 2010 and 2009 to determine if the proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000 - \$45,000) or to construct or reconstruct township roads (cost of project \$5,000 - \$15,000/per mile) 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 road maintenance project described in step 1 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 Ohio Department of Commerce's schedule of prevailing rates.

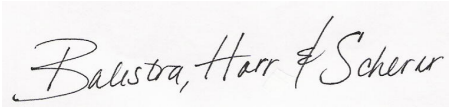
### **Officials' Response**

Compliance – Budgetary Procedure Step #3 – The Township will monitor the figures more closely to correct amounts

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.

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This report is intended solely for the information and use of management, those charged with governance, the Auditor of State, 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 cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.  
April 8, 2011



# Dave Yost • Auditor of State

**PERRY TOWNSHIP**

**BROWN 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  
MAY 24, 2011**