

NOBLE TOWNSHIP

AUGLAIZE COUNTY

**JANUARY 1, 2010 TO DECEMBER 31, 2011
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Board of Trustees
Noble Township
05617 Lock 14 Road
St. Marys, Ohio 45885

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Noble Township, Auglaize County, prepared by E.S. Evans and Company, for the period January 1, 2010 through December 31, 2011. 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. Noble 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

July 16, 2012

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E.S. Evans and Company

Certified Public Accountants

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May 21, 2012

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Noble Township
Auglaize County
05617 Lock 14 Road
St. Marys, OH 45885

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Noble 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, 2011 and 2010, 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, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Statement of Cash Receipts, Disbursements, and Changes in Modified-Cash Basis Fund Balance to the December 31, 2009 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 fund cash balances reported in the Statement of Cash Receipts, Disbursements, and Changes in Modified-Cash Basis Fund Balance. The amounts agreed.
4. We confirmed the December 31, 2011 and 2010 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, 2011 and 2010 bank reconciliations without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 and 2010 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the payment summary in 2010 and to the warrant summary in 2011, to determine the debits 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 2011 and one from 2010:
 - 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(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 two real estate tax receipts for 2011 and 2010. We noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected two receipts from the State Distribution Transaction Lists (DTL) from 2010 and three from 2011: (all receipts per year per the DTL reports issued to Noble Township). We also selected five receipts from the County Auditor's Vendor Detail Report from 2011 and 2010.
 - a. We compared the amount from the DTL and Vendor Detail Report to the amount recorded in the Revenue Ledger. 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 found two receipts in 2011 which exceeded 10% of all funds' receipts. We agreed these receipts to documentation supporting the amount received. 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, 2011 and determined whether the:
 - a. Receipt amount agreed to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. Amount charged complied with rates in force during the period. We found no exceptions.
 - c. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following loan outstanding as of December 31, 2009. These amounts agreed to the Township's January 1, 2010 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2009
OPWC Loan CM27D	\$31,196.37

2. We inquired of management, and scanned the Revenue Ledger Report and Appropriation Ledger Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3. There was one new issuance of debt in 2011.
3. We obtained a summary of debt activity for 2011 and 2010 and agreed principal payments (interest free loan) from the related debt amortization schedule to debt service fund payments reported in the Appropriation Ledger. We also compared the date the debt payments were due to the date the Township made the payments. We found no exceptions. In addition to the OPWC loan, a new loan was issued in 2011 for \$100,000 at a rate of 4.25% with no payments being made.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General Fund per the Revenue Ledger. The amounts agreed.
5. For the new debt issued in 2011, we inspected the debt legislation, noting the Township must use the proceeds to purchase a truck chassis, dump body and plow. We scanned the Appropriation Ledger and noted the Township purchased these and paid for them on May 3, 2011 and November 11, 2011.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the Paycheck Stubs and:
 - a. We compared the hours and pay rate, or salary recorded on the Paycheck Stub 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 appropriations ledger. We found no exceptions.
 - c. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as required by state statute and per the logs maintained by the trustees, or per employee duties as documented per Trustee minutes. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employee selected in step #1, we determined the following information in the employees' personnel files and record of trustee minutes 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 income tax withholding authorization and withholding.

We found no exceptions related to steps a. – e. above.

Payroll Cash Disbursements – (continued)

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2011. We noted the following:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes & Medicare (both sides)	January 15, 2012	12-31-11	\$868.50	\$868.50
State income taxes	January 15, 2012	12-31-11	\$370.36	\$370.36
OPERS retirement (employee W/H and employer share)	January 31, 2012	12-31-11	\$1,018.18	\$1,018.18

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Warrant Summary for the year ended December 31, 2011 and ten from the Payment Summary Report for the year ended December 31, 2010 and determined whether:
- The disbursements were for a proper public purpose. We found no exceptions.
 - 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.
 - 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.
 - 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 Certificate of Estimated Resources (excluding unencumbered balance), required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Ledger for the General, Gasoline Tax, and Road and Bridge funds for the years ended December 31, 2011 and 2010. The amounts agreed.
2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Gasoline Tax, and Road and 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 Ledger for 2011 and 2010 for the following funds: General, Gasoline Tax, and Road and Bridge funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger report for 2010. For 2011, the Appropriation Ledger reflected \$125,000.00 more in the General Fund than what was on the Appropriations Measure as passed and filed with the County Auditor.
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 Road and Bridge funds for the years ended December 31, 2011 and 2010. 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 as filed with the County Auditor for the years ended December 31, 2011 and 2010 for the General, Gasoline, and Road and Bridge fund. We noted that General Fund expenditures exceeded appropriations by \$35,122.55 in 2011.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Individual Standard Receipts for evidence of new restricted receipts requiring a new fund during December 31, 2011 and 2010. 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 2011 and 2010 Revenue Ledger and Appropriation Ledger for evidence of any interfund transfers 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 Ledger 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 Summary report (for 2010) and Warrant Summary (for 2011) for the years ended December 31, 2011 and 2010 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 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 5549.21)
 - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (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 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 515.07)
 - e. Building modification costs exceeding \$25,000 (\$50,000 effective September 29, 2011) to achieve energy savings (Ohio Rev. Code Section 505.264)
 - f. Private sewage collection tile costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (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 chip & seal project in 2010 exceeding \$45,000, subject to Ohio Rev. Code Section 5575.01. In addition in 2010, a paving project (bid through Duchoquet Township with funding from OPWC) was subject to Ohio Rev. Code Section 5575.01. Both these projects were properly advertised and the lowest responsible bidder was selected. In 2011, we identified a chip & seal project (subject to Ohio Rev. Code Section 5575.01). This project was properly advertised and the lowest responsible bidder was selected. Also in 2011, a truck chassis, bed and plow was purchased exceeding \$25,000 (subject to Ohio Rev. Code Section 5549.21). This was purchased through the State Purchasing Program.

2. We inquired of management and scanned the Payment Summary Report (for the year ending December 31, 2010) and the Warrant Summary Report (for the year ending December 31, 2011) to determine if the township 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 projects described in step 1 above, we read the contracts and noted that they required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contracts included the Ohio Department of Commerce's schedule of prevailing rates.

Officials' Response

Compliance - Budgetary – Step 3

Amended appropriations were done for 2011 but not officially passed by the Trustees or filed with the County Auditor and thus were not considered official by the Auditors. The requirements are understood and will be properly filed in the future.

Compliance - Budgetary – Step 5

If the amended appropriations for 2011 were properly passed and filed with the County Auditor, this violation would not have occurred. The requirements are understood and will be properly filed in the future.

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, 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.

E. J. Green and Company

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Dave Yost • Auditor of State

NOBLE TOWNSHIP

AUGLAIZE 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
JULY 26, 2012**