

Vernon Township
Scioto County
Agreed-Upon Procedures
For the Years Ended December 31, 2011 and 2010





Dave Yost • Auditor of State

Board of Trustees
Vernon Township
Scioto County
456 Boggs Rd
Wheelersburg, OH 45694

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Vernon Township, Scioto County, prepared by Millhuff-Stang, CPA, Inc., 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. Vernon 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 17, 2012

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Scioto County
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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 (the Board) 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, 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 Fund Ledger Report 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 Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2011 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, 2011 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the Cash Journal, to determine the debits were dated prior to December 31. We noted no exceptions.

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6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2011 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2011 and 2010 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 2011 and one from 2010:
 - 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 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 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 receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2011 and all from 2010. We also selected five receipts from the County Auditor's Vendor Audit Trail Report from 2011 and five from 2010.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. Both real estate homestead and rollback remittances for 2011 and 2010 were recorded net of State fees.

Description	Confirmation	Revenue/ Appropriation Ledger	Overstatement (Understatement)
<i>2010</i>			
First half real estate tax state distribution	\$2,636.35 to General	\$2,562.73 to General	(\$73.62)
	\$3,468.89 to Road & Bridge	\$3,395.28 to Road & Bridge	(\$73.61)
	\$7,115.25 to Fire	\$7,041.64 to Fire	(\$73.61)
	\$4,103.17 to Ambulance	\$4,029.56 to Ambulance	(\$73.61)
First half real estate tax state distribution fees	\$44.81 to General	\$0.00 to General	(\$44.81)
	\$58.96 to Road & Bridge	\$0.00 to Road & Bridge	(\$58.96)
	\$120.94 to Fire	\$0.00 to Fire	(\$120.94)
	\$69.74 to Ambulance	\$0.00 to Ambulance	(\$69.74)
Second half real estate tax state distribution	\$2,635.79 to General	\$2,573.62 to General	(\$62.17)
	\$3,468.16 to Road & Bridge	\$3,386.39 to Road & Bridge	(\$81.77)
	\$7,113.75 to Fire	\$6,946.01 to Fire	(\$167.74)
	\$4,102.31 to Ambulance	\$4,005.58 to Ambulance	(\$96.73)

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Description	Confirmation	Revenue/ Appropriation Ledger	Overstatement (Understatement)
<i>2010 (continued)</i>			
Second half real estate tax state distribution fees	\$62.17 to General \$81.77 to Road & Bridge \$167.74 to Fire \$96.73 to Ambulance	\$0.00 to General \$0.00 to Road & Bridge \$0.00 to Fire \$0.00 to Ambulance	(\$62.17) (\$81.77) (\$167.74) (\$96.73)
<i>2011</i>			
First half real estate tax state distribution fees	\$2,809.80 to General \$3,697.17 to Road and Bridge \$7,139.67 to Fire \$4,117.27 to Ambulance	\$2,745.20 to General \$3,612.17 to Road & Bridge \$6,975.53 to Fire \$4,022.62 to Ambulance	(\$64.60) (\$85.00) (\$164.14) (\$94.65)
First half real estate tax state distribution fees	\$64.60 to General \$85.00 to Road and Bridge \$164.14 to Fire \$94.65 to Ambulance	\$0.00 to General \$0.00 to Road & Bridge \$0.00 to Fire \$0.00 to Ambulance	(\$64.60) (\$85.00) (\$164.14) (\$94.65)
Second half real estate tax state distribution fees	\$2,805.12 to General \$3,690.98 to Road & Bridge \$7,127.69 to Fire \$4,110.36 to Ambulance	\$2,739.59 to General \$3,604.75 to Road & Bridge \$6,961.18 to Fire \$4,014.33 to Ambulance	(\$65.53) (\$86.23) (\$166.51) (\$96.03)
Second half real estate tax state distribution fees	\$65.53 to General \$86.23 to Road & Bridge \$166.51 to Fire \$96.03 to Ambulance	\$0.00 to General \$0.00 to Road & Bridge \$0.00 to Fire \$0.00 to Ambulance	(\$65.53) (\$86.23) (\$166.51) (\$96.03)

- 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 agreed-upon procedures documentation, we noted the following loans and lease 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:
Fire Truck #1 Loan	\$31,406.74
Fire Truck #2 Loan	39,786.88
Fire Truck Lease	143,875.00

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail 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.

3. We obtained a summary of loan and lease debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to Fire Special 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. However, we did note that the Township recorded all loan payments as principal payments instead of properly allocating between principal and interest.

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 Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. 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 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, 2011 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 2011. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare	January 31, 2012	December 29, 2011	\$599.00	\$599.00
State income taxes	January 15, 2012	December 30, 2011	420.87	420.87
OPERS retirement	January 30, 2012	December 28, 2011	1,582.99	1,582.99

3. For the pay periods ended July 30, 2011 and June 30, 2010, we compared documentation and the recomputation supporting the allocation of Board salaries to the General and Gasoline Tax Funds per the Employee Detail Adjustment Report. We found no exceptions.
4. For the pay periods described in the preceding step, we traced the Board's time for services performed to supporting certifications the Ohio Revised Code requires. 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, 2011 and ten from the year ended December 31, 2010 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 Revised Code Section 5705.41(D). We found four instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Revised Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts 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 Status Report for the General, Gasoline Tax, and Fire Special Levy Funds for the years ended December 31, 2011 and 2010. The amounts on the Certificate agreed to the amounts recorded in the accounting system for all funds sampled in 2010 and 2011, except the General and Fire Special Levy Funds in 2011 and the General, Gasoline Tax and Fire Special Levy Funds in 2010. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Fire Special Levy Funds of \$111,867 and \$117,897, respectively, in 2011 and for the General, Gasoline Tax Funds and Fire Special Levy Funds of \$83,310, \$88,922, and \$118,312, respectively, for 2010. However, the final Amended Official Certificate of Estimated Resources reflected \$60,943 and \$105,133, respectively, for 2011, and \$53,966, \$94,835, and \$99,060, respectively, for 2010. 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 2011 and 2010 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 Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2011 and 2010 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 Status Report for the General Fund and Fire Special Levy Fund. For 2011 and 2010, the Gasoline Tax Fund appropriation resolution reflected authorized appropriations of \$170,650 and \$165,672, respectively, whereas the Appropriation Status Report reflected appropriations of \$165,951 and 159,759, respectively. It was noted that the appropriations were decreased in December within the accounting system, but this amendment was not authorized by the Trustees. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the appropriation resolutions to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Revised Code Sections 5705.36(A)(5) and 5705.39 prohibit 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, 2011 and 2010. We noted no funds for which appropriations exceeded certified resources.

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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, 2011 and 2010 for the General, Gasoline Tax, and Fire Special Levy Funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Revised 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, 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 Revised Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2011 and 2010 Revenue Status Reports and Appropriation Status Reports 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 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 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 Detail Report 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 Revised 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 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 (\$50,000 effective September 29, 2011) (Ohio Revised Code Section 515.01 and 515.07)
 - e. Building modification costs exceeding \$25,000 (\$50,000 effective September 29, 2011) to achieve energy savings (Ohio Revised Code Section 505.264)
 - f. Private sewage collection tile costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (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))
 - h. Maintenance and repair of roads exceeding \$45,000 (Ohio Revised Code Section 5575.01)
 - i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Revised Code Section 5575.01)

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We identified one maintenance of roads project exceeding \$45,000 subject to Ohio Revised Code Section 5575.01. For this project, we noted that Ohio Public Works Commission advertised the project in a local newspaper, and the Board selected the lowest responsive and responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2011 and 2010 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 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.
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 Revised Code Sections 4115.04 and 4115.05. The contract included the Ohio Department of Commerce's schedule of prevailing rates.

Officials' Response

We did not receive a response from Officials to the exceptions reported above.

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, 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.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

March 23, 2012



Dave Yost • 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
JULY 31, 2012