

**POLK TOWNSHIP**

**CRAWFORD COUNTY**

**JANUARY 1, 2012 TO DECEMBER 31, 2013  
AGREED UPON PROCEDURES**





# Dave Yost • Auditor of State

Board of Trustees  
Polk Township  
7680 State Route 309  
Galion, Ohio 44833

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Polk Township, Crawford County, prepared by Holbrook & Manter, for the period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted this report 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. Polk 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

April 23, 2015

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

Polk Township  
Crawford County  
7680 State Route 309  
Galion, Ohio 44833

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Polk 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, 2013 and 2012, 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, 2013 and 2012 bank reconciliations.
  - No exceptions were noted during the testing of the bank reconciliations.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the prior year audited statements. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the Fund Ledger Report.
  - The January 1, 2012 beginning fund balances tied to the December 31, 2011 balances in the prior year audited statements and the January 1, 2013 beginning fund balances tied to the December 31, 2012 balances.

**Cash and Investments (continued)**

3. We agreed the totals per the bank reconciliations to the December 31, 2013 and 2012 fund cash balances reported in the Fund Status Reports.
  - The amounts agreed from the bank reconciliation to the Fund Status Report.
4. We confirmed the December 31, 2013 and 2012 bank account balances with the Township's financial institution and agreed the confirmed balances to the amounts appearing in the December 31, 2013 and 2012 bank reconciliations.
  - The confirmed balances on the checking account agreed to those amounts within the bank reconciliation, however; we noted an unexplained unreconciled difference of \$498 in the investment balances for 2012. No other exceptions were noted.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 bank reconciliation and traced each debit to the subsequent January bank statement. We also traced the amounts and dates to the check register, to determine that the debits were dated prior to December 31.
  - We found one exception in 2012 where the Township transferred \$1,500 from Star Ohio to their checking account and there was a timing difference between the financial institutions. The money was shown as a deposit on their checking bank statement in December but did not come off of the Star Ohio bank statement until January 2013.
6. We tested interbank account transfers occurring in December of 2013 and 2012 to determine if they were properly recorded in the accounting records and on each bank statement.
  - We found no exceptions when testing interbank transfers.
7. We tested investments held at December 31, 2013 and December 31, 2012 to determine that they were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14, or 135.144 and to determine if they matured within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14.
  - We noted no exceptions when testing investments.

**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 2013 and one from 2012 and traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report, determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10, and determined whether the receipt was recorded in the proper year.
  - We found no exceptions during our testing of the property tax receipts.

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

2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2013 and 2012.
  - We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected all three receipts from the State Distribution Transaction Lists (DTL) from 2013 and all three receipts from 2012 and compared the amount from the DTL to the amount recorded in the Receipt Register Report. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
  - We found no exceptions during our testing of the State receipts.
4. We also selected five receipts from the County Auditor's DTLs from 2013 and five from 2012 and compared the amount from the DTL to the amount recorded in the Receipt Register Report. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
  - We found no exceptions when comparing the County confirms to the Receipt Register Report.
5. We agreed the amounts paid from the Ohio Public Works Commission to the Township during 2013 and 2012 to documentation supporting the amount received and determined whether this receipt was allocated to the proper fund and whether the receipt was recorded in the proper year.
  - During 2013, we noted that the Ohio Public Works Commission paid \$36,590 for road repairs in Polk Township on the Township's behalf. No exceptions were noted.
  - We noted that the Ohio Public Works Commission paid \$36,197 for road repairs in Polk Township on the Township's behalf and the Township did not gross up this receipt in their revenue or expenditure ledger for 2012.

**Debt**

1. From the prior audit documentation, we noted the following loan outstanding as of December 31, 2011. These amounts agreed to the Townships January 1, 2012 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2011:
Building Loan	\$280,898

**Debt (continued)**

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012.
  - All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Payment Register Detail Report and compared them to the amount confirmed by the financial institution. We also compared the date the debt service payments were due to the date the Township made the payments.
  - The amounts on the amortization schedule and the confirmation did not agree to the principal and interest payments in the debt activity. We noted that the difference was due to the original amortization schedule being set up for the Township to make quarterly principal and interest payments; however, the Township decided to make monthly payments causing a difference in the principal and interest allocations that the Township is calculating versus what the bank is calculating.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Employee Detail Adjustment Report and tested the following attributes:
  - 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 determined whether the fund and account codes to which the check was posted was reasonable based on the employees' duties as documented in the minute record and time records and determined whether the payment was posted to the proper year.
  - No exceptions were noted during our testing of payroll cash disbursements.
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel file 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 and fund 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.



**Payroll Cash Disbursements** (continued)

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 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 2013. We noted the following:

<b>Withholding</b> (Plus employer share where applicable)	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income tax & Medicare	January 31, 2014	December 18, 2013	619.81	619.81
State income taxes	January 31, 2014	December 17, 2013	162.89	162.89
OPERS retirement	January 31, 2014	December 17, 2013	1,274.95	1,274.95
Local taxes	January 31, 2014	January 15, 2014	175.52	175.52
School district taxes	January 31, 2014	December 17, 2013	3.72	3.72

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.
4. For the pay periods ended February 20, 2013 and October 15, 2012, we recomputed the allocation of the Boards' salaries to the General, Gasoline Tax, and Road and Bridge Funds per the Employee Detail Adjustment Report.
    - In 2013, no exceptions were noted. In 2012, one trustee was paid 100% out of the Gasoline Tax Fund.

Ohio Rev. Code 507.09 and 505.24 (C) and AOS bulletin 2013-002 states attendance at board meetings and other activities supporting the general business of the township must be allocated to the general fund; therefore, allocating 100 percent of an official's compensation to funds other than the general fund is not permitted under Ohio law.

Trustees receiving compensation by annual salary, to be paid on a salary basis in equal monthly installments, the board of trustees must unanimously pass a resolution to allow it. To be paid from any funds other than the general fund, the resolution must also specify the proportions of the salary that is to be paid from each fund (ORC 505.24 (C)). If trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certificate is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. If 100% of the compensation of the township trustee is to be paid from the general fund, no certification is required.

Because of the issue noted, we summarized the certifications for the entire year and compared the percentages certified for the year to the amounts actually allocated in UAN for the year. We noted a difference of \$4,086, which would increase the Gas Tax Fund balance by \$4,086 and decrease the General Fund balance by \$180, the Road and Bridge Fund balance by \$3,748, and the Motor Vehicle Fund balance by \$158. Subsequent to year end, the Fiscal Officer adjusted these amounts as noted above to properly reflect the certified amounts for 2012.

### **Payroll Cash Disbursements (continued)**

5. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires.
  - See the findings noted above in step 4.
6. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 to determine if Township employees and / or Trustees were reimbursed for out-of-pocket insurance premiums.
  - We noted no such reimbursements.

### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the *Payment Register Detail Report* for the year ended December 31, 2013 and ten from the year ended 2012 and determined the following:
  - The disbursements were for a proper public purpose.
  - 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.
  - The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used.
  - 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 five 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 Rev. 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 Rev. Code Section 5705.36 (A)(1) to the amounts recorded in the Revenue Status Report for the General Fund, Motor Vehicle License Tax Fund, and the Road and Bridge Fund for the years ended December 31, 2013 and 2012.

### Compliance-Budgetary (continued)

- None of the amounts agreed for 2013 or 2012. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$58,378, for the Motor Vehicle License Tax Fund of \$10,035, and for the Road and Bridge Fund for \$115,000 for 2013. However, the final Amended Official Certificate of estimated Resources reflected \$40,268, \$10,271, and \$98,373, respectively.

The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$168,622, for the Motor Vehicle License Tax Fund of \$10,025, and for the Road and Bridge Fund for \$121,850 for 2012. However, the final Amended Official Certificate of estimated Resources reflected \$155,483, \$10,000, and \$97,505, respectively.

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 2013 and 2012 to determine whether, for the General Fund, the Gasoline Tax Fund, and the Road and Bridge Fund 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 when scanning appropriation measures to determine that each department had personal services appropriated separately.
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 2013 and 2012 for the following funds: the General Fund, Motor Vehicle License Tax Fund, and the Gasoline Tax Fund.
  - None of the amounts agreed for 2013 or 2012. The Appropriation Status Report recorded budgeted (i.e. appropriated) expenditures in the General Fund of \$182,435, in the Gasoline Tax Fund of \$127,230, and in the Road and Bridge Fund for \$185,708 for 2013. However, the final Appropriation Resolution reflected \$192,903, \$132,182, and \$205,123, respectively.

The Appropriation Status Report recorded budgeted (i.e. appropriated) expenditures in the General Fund of \$211,846, in the Gasoline Tax Fund of \$152,337, and in the Road and Bridge Fund for \$214,931 for 2013. However, the final Appropriation Resolution reflected \$208,146, \$151,837, and \$214,381, respectively.

The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded within the Appropriation Resolution to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

**Compliance-Budgetary** (continued)

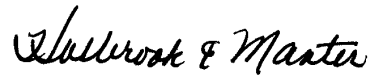
4. Ohio Rev. Code Section 5705.36 (A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General Fund, Road and Bridge Fund, and the Fire Fund for the years ended December 31, 2013 and 2012.
  - We noted 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, 2013 and 2012 for the General Fund, the Gasoline Tax Fund, and the Road and 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 Receipts Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. 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 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 -.16 restrict.
  - We found that transfers were being made out of the General, Gasoline Tax, and Road and Bridge Fund into the Debt Service Fund. These transfers are made for tracking purposes of the debt service payments being made.
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; therefore, no exceptions were noted.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2013 and 2012 for negative cash fund balance. Ohio Rev. code Section 5705.10 (I) provides that money paid into a fund must be used for the purpose for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to over the expenses of another.
  - We noted no funds having a negative cash fund balance.

### Compliance-Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 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.

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 preformed 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.



Certified Public Accountants

January 14, 2015  
Marion, Ohio

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# Dave Yost • Auditor of State

**POLK TOWNSHIP**

**CRAWFORD 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 7, 2015**