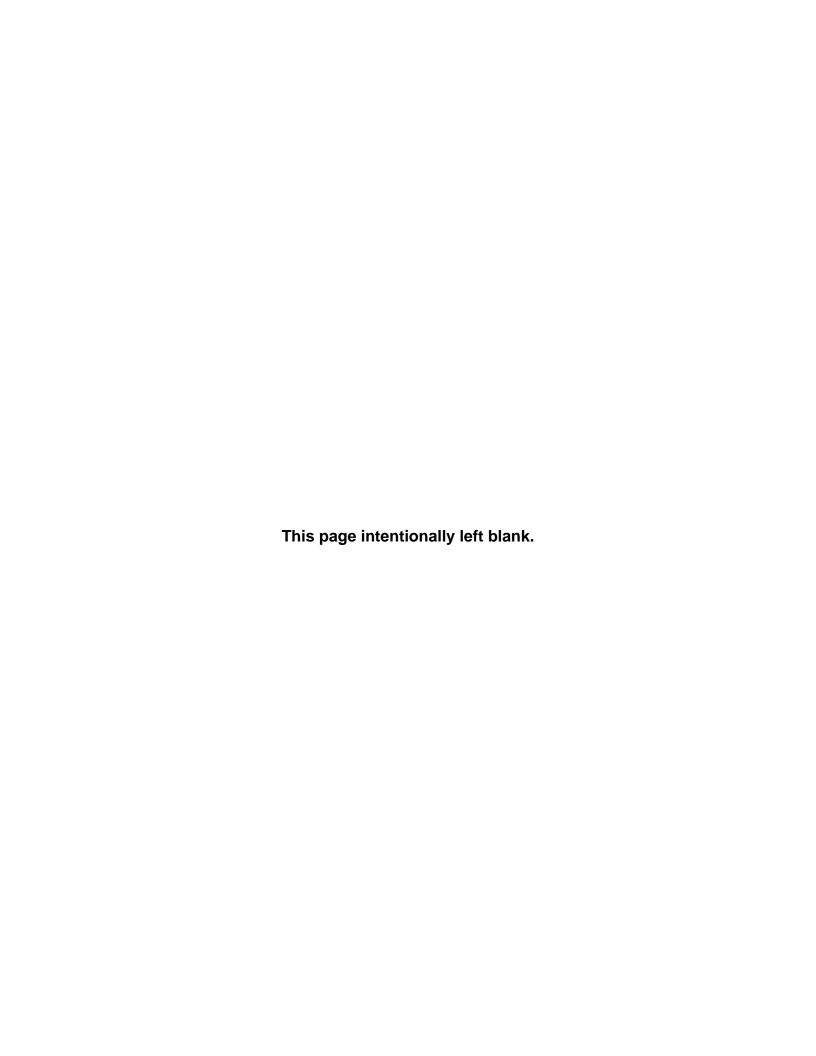




LOUDON TOWNSHIP SENECA COUNTY

TABLE OF CONTENTS

IIILE PA	<u>GE</u>
Agreed-Upon Procedures	1





Mary Taylor, CPA Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Loudon Township Seneca County 9130 West County Road 18 Fostoria, Ohio 44830-9558

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Loudon Township, Seneca County (the Township) 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 Combined and Combining Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances 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 Combined and Combining Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances. 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 check register, to determine the checks were dated prior to December 31. We noted no exceptions.
- 6. There were no investments held at December 31, 2009 and December 31, 2008.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

- 1. We selected a real estate 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 Receipt Ledger 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 Ledger Report 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 Receipts Ledger 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 2009 and five from 2008.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Ledger 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.
- 4. We confirmed the amounts paid from Sunny Farms Landfill to the Township during 2009 and 2008 with the Landfill. 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.
- 5. We confirmed the amounts paid from Ohio Public Works Commission (OPWC) (Issue I monies) to the Township during 2009 with the statement from OPWC and Seneca County. 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.

Debt

We inquired of management, and scanned the Receipts Ledger Report and Appropriation Ledger Report for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. We noted no new debt issuances, nor any debt payment activity during 2009 or 2008.

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 Detail Report and determined whether the following information in the withholding's file and minute record 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 only two W-4 forms and one OPERS form was on file. However, the payroll register did disclose retirement, Federal and State withholdings for all the employees. 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. We did note each year the Board approves a percent increase or increased amount to the Roadman's hourly rate but does not state the total hourly rate. The total hourly rate should be approved by the Board; to avoid confusion on the rate to be paid.
 - b. 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 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/ 31/2010	12/30/2009	\$1,014.61	\$1,014.61
State income taxes	1/15/2010	1/6/2010	\$379.22	\$379.22
OPERS retirement (withholding plus employer share)	1/30/2010	12/30/2009	\$1,795.81	\$1,795.81

4. For the pay periods selected in step 1, we compared documentation and the recomputation supporting the allocation of Board salaries to the General Fund. We found no exceptions.

Non-Payroll Cash Disbursements

- 1. We haphazardly selected ten disbursements from the Appropriation Ledger Report for the year ended December 31, 2009 and ten from the year ended 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 Payment Register Vendor By Name 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 no exceptions.
 - e. Blanket certificate number 08-2009 for \$25,000 exceeded the maximum amount approved with resolution number 06-10. The maximum amount of a blanket certificate should not exceed the amount approved by the Board.

Compliance - Budgetary

- 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 Status Report for the General, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2009 and 2008. The amounts agreed.
- 2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Gasoline Tax and Road and Bridge funds, the Trustees appropriated separately for "each office, department, and division (fund/func/obj), 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 Status Report for 2009 and 2008 for the following funds: General, Gasoline Tax and Road and Bridge. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status 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 Road and Bridge 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 Road and Bridge 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 Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 209 and 2008. We also inquired of management regarding whether the Township received new restricted receipts. The Township established an Agency fund during 2009 to account for insurance money received for a property fire cleanup. This money was paid to the property owner during 2009; therefore, there is no fund balance.
- 7. We scanned the 2009 and 2008 Revenue Ledger Reports and Appropriation Ledger Reports for evidence of interfund transfers which Ohio Revised Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers.
- 8. We inquired of management and scanned the Appropriation Ledger 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 and Expenditures

- 1. We inquired of management and scanned the Payment Register Vendor By Name 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 By Name 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.
- 3. For the road maintenance project described in step 2 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.

Mary Taylor

Officials' Response: The Township will approve the total hourly pay rate in proceeding minutes, will monitor the amounts on the blanket certificates and include all necessary forms for withholdings.

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 is not intended to be, and should not be used by anyone other than these specified parties.

Mary Taylor, CPA Auditor of State

June 15, 2010



Mary Taylor, CPA Auditor of State

LOUDON TOWNSHIP

SENECA 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.

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED JULY 1, 2010