



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Montgomery Township
P.O. Box 367
Larue, Ohio 43332

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Montgomery 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 2009 bank reconciliations.
 - No exceptions were noted during the testing of the bank reconciliations.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report to the December 31, 2008 balances in the prior year audited financial statements.
 - We found that the January 1, 2009 beginning fund balance in the special revenue funds was \$304,758, however, the December 31, 2008 balance in the prior year audited financial statements reported \$304,743 in the special revenue funds. The \$15 difference was due to a check that had been voided within the UAN system in the current year that was originally issued in the prior year.

Official's Response - The fiscal officer is going to contact UAN staff to properly resolve this issue for the current period and in the future, since it is a recurring issue within the Township.



Dave Yost • Auditor of State

Board of Trustees
Montgomery Township
400 South High Street
P. O. Box 367
Larue, Ohio 43332

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Montgomery Township, Marion County, prepared by Holbrook & Manter, 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. Montgomery 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 12, 2011

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Cash and Investments (continued)

3. We agreed the totals per the bank reconciliations to the corresponding totals in the December 31, 2010 and 2009 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, 2010 and 2009 bank account balances with the Township's financial institutions and agreed the confirmed amounts to the corresponding amounts in the bank reconciliations noted in Cash Step 3.
 - The Township is recording interest on the Certificates of Deposit as it is earned, however the bank is recognizing it at the maturity date, thus creating a difference of \$555 during 2009 and \$1,012 during 2010 from the bank recorded balance to the balance in the Township's bank reconciliation.
 - The confirmed balances on the checking account agreed to those amounts within the bank reconciliation, and no exceptions were noted.

Official's Response - The fiscal officer is going to reconsider when he records interest on the Certificates of Deposit and possibly record the total interest income at the maturity date.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 bank reconciliation and traced each debit appearing in the subsequent January bank statement. We also traced the amounts and date written to the check register, to determine that the debits were dated prior to December 31.
 - We found no exceptions when testing the reconciling debits.
6. We tested investments held at December 31, 2010 and 2009 to determine that they were a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144 and matured within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14.
 - We found 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 2010 and one from 2009 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 County receipts.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009 which consist of two personal property tax receipts and two real estate tax receipts.

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

- We found no exceptions during our testing of receipts.
- 3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2010 and all receipts from 2009 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 selected five receipts from the County Auditor's confirmation from 2010 and five from 2009 and compared the amount 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.

Debt

1. The prior audit report disclosed no debt outstanding as of December 31, 2008.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009.
 - No new debt proceeds were noted.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for four employees from 2010 and one payroll check for four employees from 2009 from the Employee Detail Adjustment Report and determined whether the following information in the employee's files was consistent with the information used to compute gross and net pay related to this check:
 - Name
 - Authorized salary or pay rate
 - Department(s) and fund(s) to which the check should be charged
 - Retirement system participation and payroll withholding
 - Federal, State and Local income tax withholding authorization and withholding
 - Any other deduction authorizations (deferred compensation, etc.)
- No exceptions were noted during the payroll check testing.

Payroll Cash Disbursements (continued)

2. We tested the checks noted in Payroll Cash Disbursements Step 1 as follows:
 - 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 determined where the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and time records.
 - No exceptions were noted during our testing of payroll cash disbursements.
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 that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2010. We noted the following:

Withholding (Plus employer share where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income tax	January 31, 2011	December 27, 2010	1,127.06	1,127.06
State income taxes	January 15, 2011	December 7, 2010	334.83	334.83
OPERS retirement (withholding plus employee share)	January 30, 2011	December 7, 2010	1,534.03	1,534.03

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.
4. For the years ended 2010 and 2009, we compared documentation and recomputed amounts supporting the allocation of Board salaries to the appropriate funds.
 - No exceptions were noted when comparing Board salaries to fund allocations.
 5. For the years described in the preceding step, we traced Board time or services performed to time or activity sheets.
 - No exceptions were noted when comparing Board time sheets.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended 2009 to determine the following:
 - The disbursements are 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.

Non-Payroll Cash Disbursements (continued)

- The disbursements are 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).
- During our testing of non-payroll disbursements, we found four instances where the certification date was after the vendor invoice date, and there was 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. We also noted one instance where a check did not have the fiscal officer's signature on it.

Official's Response - The fiscal officer will continue to monitor the certification of expenditures moving forward and utilize "Then and Now" Certificates when necessary to prevent this issue from occurring in the future.

Compliance-Budgetary

1. We compared the total from the Amended Certificate of Estimated Resources required by Ohio Rev. Code Section 5705.36 (A)(1) to the amounts recorded in the Revenue Status Report for each Fund for the years ended December 31, 2010 and 2009.
 - The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the 2009 Special Revenue funds. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Special Revenue funds of \$131,798 for 2009. However, the final Amended Official Certificate of Estimated Resources reflected \$129,798. 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.

Official's Response - The fiscal officer will continue to monitor and issue an amended certificate as deemed necessary.

2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Motor Vehicle License Tax, Gasoline Tax, Cemetery, Zoning and FEMA 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 when comparing appropriation measures to Trustee salaries for personal services.

Compliance-Budgetary (continued)

3. We compared the total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40 to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the General and Special Revenue Funds.
 - The Appropriation Status Report recorded budgeted appropriations for the Zoning fund of \$4,244 for 2010. However, the final Appropriation Resolution reflected \$2,244. The fiscal officer should periodically compare amounts recoded in the Appropriation Status Report to amounts recorded on the Final Appropriation Resolution to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

Official's Response – The fiscal officer will continue to monitor and issue an amended Appropriation Resolution as deemed necessary.

4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to certified resources for the years ended December 31, 2010 and 2009.
 - We noted that General Fund appropriations for 2010 exceeded certified resources by \$898, contrary to Ohio Rev. Code Section 575.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.

Official's Response – The fiscal officer will monitor the appropriations throughout the year and adjust for the decrease of estimated resources accordingly and when necessary issue amended Certificates to the County for approval.

5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2010 and 2009 for the General and Special Revenue Funds, as recorded in the Appropriation Status Report.
 - We noted no funds for which expenditures exceeded appropriations; therefore, no exceptions were noted.

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. No exceptions were noted.

Compliance-Budgetary (continued)

7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of 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. No exceptions were noted.
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.

Compliance-Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statutes:
 - Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000. (Ohio Rev. Code Section 5549.21)
 - Construction and erection of a memorial building or monument costs exceeding \$25,000. (Ohio Rev. Code Section 511.12)
 - Equipment for fire protection and communication costs exceeding \$50,000. (Ohio Rev. Code Sections 505.37 to 505.42)
 - Street lighting systems or improvement costs exceeding \$25,000. (Ohio Rev. Code Section 515.07)
 - Building modification costs exceeding \$25,000 to achieve energy savings. (Ohio Rev. code Section 505.264)
 - Private sewage collection tile costs exceeding \$25,000. (Ohio Rev. Code Sections 521.02 to 521.05)
 - 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))
 - Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
 - Construction or reconstruction of a township road exceeding \$15,000/ per mile. (Ohio Rev. Code Section 5575.01)
 - We identified the purchase of a new township tractor exceeding \$25,000, subject to Ohio Rev. Code Section 5549.21. For this project, we noted that the tractor was purchased through a state purchasing agency; therefore, the Township was exempt from the competitive bidding process.

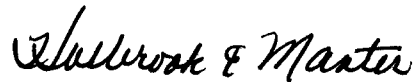
Compliance-Contracts & Expenditures (continued)

2. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 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 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 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 and 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

June 21, 2011

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MONTGOMERY TOWNSHIP

MARION 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, 2011**