

**LETART TOWNSHIP
MEIGS COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Letart Township
24894 Apple Grove-Dorcas Road
Racine, Ohio 45771

We have reviewed the Independent Accountants' Report on Applying Agreed-Upon Procedures of Letart Township, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A. C., 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. Letart 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

November 16, 2012

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**LETART TOWNSHIP
MEIGS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

July 30, 2012

Letart Township
Meigs County
24898 Apple Grove-Dorcas Road
Racine, Ohio 45771

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of **Letart Township**, Meigs County, Ohio (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 and Investments

1. We tested the mathematical accuracy of the December 31, 2011 and December 31, 2010 bank reconciliations. We determined the Township did not reconcile at December 31, 2011 and 2010.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2009 balances in the documentation 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. However, we noted the reconciliations contained "other adjusting factors" which could not be readily explained. A proof of cash was performed in order to get the Township's financial system to reconcile to bank balances. Numerous adjustments were proposed. These adjustments were agreed to and posted to the accounting system by the Township. The Township reconciled at December 31, 2011. No other exceptions noted.
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.

Cash and Investments (Continued)

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 written to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We selected five reconciling credits (such as deposits in transit) haphazardly 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 Receipt Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested investments held at December 31, 2011 and December 31, 2010 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. 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 Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds 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 Receipt Register Report included the proper amount of real estate tax settlement receipts for each year. However, various intergovernmental receipts were recorded as property tax receipts in 2011 and 2010.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and all from 2010. We also selected five receipts from the County Auditor's Expenditure History 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. 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.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2009.
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.

Debt (Continued)

3. We obtained a summary of note debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedule to the Gasoline Tax 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 noted the principal and interest payments were recorded as public safety expenditures instead of principal retirement and interest and fiscal charges in 2011 and 2010. We found no other exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Gasoline Tax fund per the Receipt Register Report. The amounts agreed. However, we noted debt proceeds were recorded as other financing sources instead of other debt proceeds.
5. For new debt issued during 2011 and 2010, we inspected the debt legislation, noting the Township must use the proceeds to purchase a truck. We scanned the Payment Register Detail Report and noted the Township purchased a truck in November of 2010.

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 Payroll Register Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Detail 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 employees' personnel files. 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 & Medicare | January 31, 2012 | January 9, 2012 | \$ 2,487.85 | \$ 2,487.85 |
| State income taxes | January 15, 2012 | December 30, 2011 | \$ 446.00 | \$ 446.00 |
| OPERS retirement | January 30, 2012 | December 30, 2011 | \$ 2,027.68 | \$ 2,027.68 |

3. For the pay periods ended June 30, 2011 and April 30, 2010, we compared documentation and the recomputation supporting the allocation of the Boards' salaries to the General and Gasoline Tax Funds per the Payroll Register Detail Report. We found no exceptions.
4. For the pay periods described in the preceding step, we traced Board time or services performed to time or activity sheets. 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 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. We found nine instances in 2011 and eight instances in 2010 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 Comparison of Budgeted and Actual Report for the General, Gasoline Tax, and Road and Bridge Funds for the years ended December 31, 2011 and 2010. The amounts on the *Certificate* did not agree to the amounts recorded in the accounting system for the General, Gasoline Tax, and Road and Bridge Funds in 2011 and 2010. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the General Fund of \$44,500 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$107,661. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the Gasoline Tax Fund of \$158,200 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$85,967. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the Road and Bridge Fund of \$31,500 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$59,386. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the General Fund of \$45,480 for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$49,121. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the Gasoline Tax Fund of \$80,810 for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$134,908. The Comparison of Budgeted and Actual Receipts Report recorded budgeted (i.e. certified) resources for the Road and Bridge Fund of \$41,500 for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$50,943. The fiscal officer should periodically compare amounts recorded in the Comparison of Budgeted and Actual Report to amounts recorded on *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 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.

Compliance – Budgetary (Continued)

3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Comparison of Disbursements/Encumbrances Report for 2011 and 2010 for the following funds: General Fund, Gasoline Tax Fund, and Road and Bridge Fund. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Comparison of Disbursements/Encumbrances for the General, Gasoline Tax, and Road and Bridge Funds in 2011 and 2010. The total appropriations for the General Fund were \$126,214 in 2011. However, the Comparison of Disbursements/Encumbrances reported \$73,488. The total appropriations for the Gasoline Tax Fund were \$95,312 in 2011. However, the Comparison of Disbursements/Encumbrances reported \$85,177. The total appropriations for the Road and Bridge Fund were \$79,557 in 2011. However, the Comparison of Disbursements/Encumbrances reported \$50,922. The total appropriations for the General Fund were \$61,549 in 2010. However, the Comparison of Disbursements/Encumbrances reported \$61,304. The total appropriations for the Gasoline Tax Fund were \$165,251 in 2010. However, the Comparison of Disbursements/Encumbrances reported \$264,694. The total appropriations for the Road and Bridge Fund were \$78,738 in 2010. However, the Comparison of Disbursements/Encumbrances reported \$78,123.
4. Ohio Rev. Code Sections 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, Gasoline Tax, and Road and Bridge Funds for the years ended December 31, 2011 and 2010. We noted that Gasoline Tax Fund appropriations for 2010 exceeded certified resources by \$99,443, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
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, 2011 and 2010 for the General, Gasoline Tax, and Road and Bridge Funds, as recorded in the Comparison of Disbursements/Encumbrances 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 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 Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2011 and 2010 Comparison of Budgeted and Actual Reports and Comparison of Disbursements/Encumbrances Reports for evidence of interfund transfers exceeding \$1,000 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 Comparison of Disbursements/Encumbrances 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.

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 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)

Compliance – Contracts & Expenditures (Continued)

1. **(Continued)**

- 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 515.01 & 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 truck purchase exceeding \$25,000 purchased on November 5, 2010, subject to Ohio Rev. Code Section 5549.21. For this purchase, we noted that the Board obtained bids and 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 (\$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.

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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

LETART TOWNSHIP

MEIGS 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
NOVEMBER 29, 2012**