

PALMYRA TOWNSHIP

PORTAGE COUNTY

**JANUARY 1, 2010 TO DECEMBER 31, 2012
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Board of Trustees
Palmyra Township
10100 Williams Road
Diamond, Ohio 44412

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Palmyra Township, Portage County, prepared by Escott & Company, LLC, for the period January 1, 2010 through December 31, 2011. 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. Palmyra 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

May 17, 2012

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ESCOTT & COMPANY

Certified Public Accountants

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OHIO SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

RICHARD J. TINKER, CPA
AL STEFANOV, CPA

JAMES A. TINKER, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Palmyra Township
Portage County
10100 Williams Road
Diamond, OH 44412

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Palmyra 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, 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 Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances to the December 31, 2009 balances in the prior year audited statements. We found an exception, the fund balance per the prior year audited statements showed \$605,866, but the Fund Status Report shows \$605,945. Per discussion with the Clerk and review of the documents, we noted the difference was due to uncashed paychecks issued in 2009 that were voided and re-issued in 2010.
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 balance(s) with the Township's financial institutions. 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, except for check 18520 which cleared in February 2012. 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.

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6. We selected two (the only ones) reconciling credits (deposit in transit) from the December 31, 2011 bank reconciliation:
 - a. We traced the credits to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amount to the Revenue Journal. The 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 fund(s) 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 Revenue Ledger to determine whether it included the proper number of real estate tax receipts for 2011 and 2010, and we noted the Revenue Ledger included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected five receipts from the County's Vendor Invoice List from 2011 and five from 2010.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2009.
2. We noted no new debt issuances, nor any debt payment activity during 2011 or 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 code(s) to which the checks were posted were reasonable based on the employees' duties as documented in the minute record. We also determined whether the payments were posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the minute record and personnel 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 & Local income tax withholding authorization and withholding
 - Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

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:

<u>Withholding (plus employer share, where applicable)</u>	Date Due	Date Paid	Amount Due¹	Amount Paid
Federal income taxes & Medicare	January 31, 2012	12/27/2012	\$3,478.90	\$3,478.90
State income taxes	January 15, 2012	12/27/2012	\$497.32	\$497.32
OPERS retirement	January 30, 2012	1/17/2012	\$3,760.63	\$3,760.63
OP&F retirement	January 31, 2012	1/17/2012	\$4,051.21	\$4,051.21

Non-Payroll Cash Disbursements

- 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:
 - The disbursements were for a proper public purpose. We found no exceptions.
 - 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.
 - 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.
 - 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 no exceptions.

Compliance – Budgetary

1. We compared the total amounts from the *Amended Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Comp. of Budgeted and Actual Receipts Report for the General, gas tax fund and cemetery fund for the years ended December 31, 2011 and 2010. The amounts agreed.
2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, road and bridge and 1 mill fire 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 Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Comparison of Disbursements/Encumbrances to Expenditure Authority for 2011 and 2010 for the following funds: General, 2 mill fire levy, and road and bridge funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Disbursements/Encumbrances to Expenditure Authority report.
4. Ohio Rev. 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, 2011 and 2010. 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, 2011 and 2010 for the General, 1 mill fire levy fund, and the gasoline tax funds, as recorded in the Comparison of Disbursements/Encumbrances to Expenditure Authority 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 Comp. of Budgeted and Actual Receipts and Comparison of Disbursements/Encumbrances Report to the Expenditure Authority for evidence of interfund transfers. We found no evidence of transfers made in 2010 or 2011.
8. We inquired of management and scanned the Comparison of Disbursements/Encumbrances Report to the Expenditure Authority 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 (Ohio Rev. Code Section 5549.21)
 - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Rev. Code Section 511.12)

- 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 (Ohio Rev. Code Section 515.07)
- e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
- f. Private sewage collection tile costs exceeding \$25,000 (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 foam trailer purchase (Ohio Revised Code 505.37), and a 2010 road improvement project (Ohio Revised Code 5575.01) exceeding \$25,000 and \$45,000 respectively. For these projects, we noted that the Board advertised the project in a local newspaper, and selected the lowest 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 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.
- 3. For the road improvement project described in step 1, we read the contract and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract included the Ohio Department of Commerce's schedule of prevailing rates.

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.



Auditors Signature

March 22, 2012

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Dave Yost • Auditor of State

PALMYRA TOWNSHIP

PORTAGE 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 29, 2012**