

**HARLEM TOWNSHIP**

**DELAWARE COUNTY**

**JANUARY 1, 2011 TO DECEMBER 31, 2012  
AGREED UPON PROCEDURES**





# Dave Yost • Auditor of State

Board of Trustees  
Harlem Township  
3883 South State Route 605  
Galena, Ohio 43021

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Harlem Township, Delaware County, prepared by Holbrook & Manter, for the period January 1, 2011 through December 31, 2012. 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. Harlem Township is responsible for compliance with these laws and regulations.

Handwritten signature of Robert R. Hinkle in black ink.

Robert R. Hinkle, CPA, CGFM  
Chief Deputy Auditor

July 18, 2013

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

Board of Trustees  
Harlem Township  
Delaware County  
3883 South State Route 605  
Galena, Ohio 43021

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Harlem 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, 2012 and 2011, 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, 2012 and 2011 bank reconciliations.
  - No exceptions were noted during the testing of the bank reconciliations.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2010 balances in the prior year audited financial statements. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2011 balances in the Cash Summary by Fund Report.
  - No exceptions were noted when comparing ending fund balances to beginning fund balances.

### **Cash and Investments (continued)**

3. We agreed the totals per the bank reconciliations to the corresponding totals in the December 31, 2012 and 2011 cash balances reported in the Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balance.
  - The amounts agreed from the bank reconciliation to the Statement of Cash Receipts, Disbursements, and Changes in Fund Balance.
4. We confirmed the December 31, 2012 and 2011 bank account balances with the Township's financial institutions and agreed the confirmed balances to the corresponding amounts in the December 31, 2012 and 2011 bank reconciliations.
  - We noted that the Township does not record interest earned in their accounts until the bank statement is received instead of at the end of the month when the bank records the interest. This caused the balance of the checking account on the reconciliation to be different from the confirmation by \$375 and \$385 in 2012 and 2011, respectively. This also caused the balance of a certificate of deposit on the reconciliation to be different from the confirmation by \$407 in 2012.

**Official's Response:-** The Township is aware that there will continue to be a reconciling factor if interest earned is not recorded until the following month.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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 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, 2012 and 2011 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 2012 and one from 2011 and traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report, and 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 whether the receipt was recorded in the proper year.
  - We found no exceptions during our testing of the County 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 2012 and 2011.
  - We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five receipts from 2011 and compared the amounts from the DTL to the amounts 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 2012 and five from 2011 and compared the amounts to the amounts 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. From the prior audit documentation, we noted the following lease / loan outstanding as of December 31, 2010. These amounts agreed to the Township's January 1, 2011 balance on the summary we used in step 3.

<b>Issue</b>	<b>Principal Outstanding as of December 31, 2010:</b>
Navistar Financial- Dump Truck	\$ 44,051
Promissory Note- Firefighters Ball Park	\$ 24,750

2. We inquired of management, and scanned the Receipt Register Report and Appropriation Register Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011.
  - All debt noted agreed to the summary we used in Step 3.

**Debt (continued)**

3. We obtained a summary of debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule to the Permissive License Tax Fund payments and the General Fund payments reported in the Appropriation Register Report. We also compared the date the debt payments were due to the date the Township made the payments.
  - We found no exceptions in debt activity.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Register Report and compared the hours and pay rate, or salary recorded in the Payroll Register Report to supporting documentation (timecards, legislatively or statutorily approved rate or salary). We also determined that the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and whether it was posted to the proper year.
  - We noted no exceptions when testing payroll checks.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 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 2012. 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 (and social security, for employees not enrolled in pension system)	January 31, 2013	January 4, 2013	4,759.78	4,759.78
State income taxes	January 15, 2013	January 4, 2013	924.26	924.26
Center Village income tax	January 31, 2013	January 31, 2013	41.42	41.42
Big Walnut School District income tax	January 31, 2013	January 15, 2013	297.03	297.03
Centerburg School District income tax	January 31, 2013	January 15, 2013	98.83	98.83
Johnstown Monroe Local School District income tax	January 31, 2013	January 15, 2013	72.18	72.18
OPERS retirement	January 30, 2013	January 22, 2013	2,741.74	2,741.74
OP&F retirement	January 31, 2013	January 8, 2013	2,461.38	2,461.38

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.

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

1. We haphazardly selected ten disbursements from the Appropriation Register Report for the year ended December 31, 2012 and ten from the year ended 2011 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 Appropriation Register Report and to the names and amounts on the supporting invoices.
  - 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).
- We found no exceptions while testing non-payroll cash disbursements.

### **Compliance-Budgetary**

1. We compared the total estimated receipts from the Amended Certificate of Estimated Resources required by Ohio Rev. Code Section 5705.36 (A)(1) to the amounts recorded in the Receipt Account Status Report for the General, Gasoline Tax, and Fire District Funds for the years ended December 31, 2012 and 2011.
  - The amounts agreed, no exceptions were noted.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Gasoline Tax, and Fire District 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 scanning the appropriation measures for separate office, departments, and divisions.
3. We compared the total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40 to the amounts recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority Report for 2012 and 2011 for the General, Gasoline Tax, and Fire District Funds.
  - The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority Report in the funds listed except for the General Fund in 2012. We noted the Appropriation Resolution listed appropriations in the amount of \$702,000 for the 2012 General Fund; however, the Comparison of Disbursements and Encumbrances with Expenditure Authority Report listed appropriations in the amount of \$742,000.

**Compliance-Budgetary (continued)**

**Official's Response:-** The Trustees approved the increase in appropriations before it was made in the system; however, the amendment was never submitted to the County Auditor for approval. The Fiscal Officer will submit all amendments to the County Auditor in the future.

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, Gasoline Tax, and Fire District Funds for the years ended December 31, 2012 and 2011.
  - We found no funds for which appropriations exceeded certified resources; therefore, no exceptions were noted.
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, 2012 and 2011 for the General, Gasoline Tax, and Fire District 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, 2012 and 2011. 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.
7. We scanned the 2012 and 2011 Receipt Account Status Reports and Comparison of Disbursements and Encumbrances with Expenditure Authority Reports for evidence of interfund transfers exceeding \$4,000 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. 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.

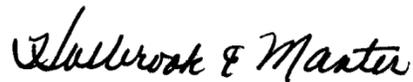
### **Compliance-Contracts & Expenditures**

We inquired of management and scanned the Appropriation Register Report for the years ended December 31, 2012 and 2011 to determine if the Township preceded 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

June 20, 2013

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# Dave Yost • Auditor of State

**HARLEM TOWNSHIP**

**DELAWARE 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 30, 2013**