



# **Balestra, Harr & Scherer, CPAs, Inc.**

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

**PENN TOWNSHIP  
HIGHLAND COUNTY**

**AGREED-UPON PROCEDURES**

For the Years Ended December 31, 2012 and 2011





# Dave Yost • Auditor of State

Board of Trustees  
Penn Township  
10005 U.S. Route 62  
Leesburg, Ohio 45135

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Penn Township, Highland County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the period January 1, 2011 through December 31, 2012. 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. Penn Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

October 1, 2013

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# Balestra, Harr & Scherer, CPAs, Inc.

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Penn Township  
Highland County  
10005 U.S. Route 62  
Leesburg, Ohio 45135

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Penn 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 December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Cash Journal to the December 31, 2010 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Journal to the December 31, 2011 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.
5. We tested investments held at December 31, 2012 and December 31, 2011 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 and Intergovernmental 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:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipts Ledger. 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 Receipts Ledger to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipts Ledger included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2012 and all from 2011. We also selected five receipts from the County Auditor's Cross Reference Report from 2012 and five from 2011.
  - a. We compared the amount from the above reports to the amount recorded in the Receipts Ledger. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We noted that the Township did not properly allocate homestead and rollback monies between the General, Road and Bridge and Fire Levy funds for one receipt in 2012, causing the General Fund to be overstated by \$2,094 and the Road and Bride and Fire Levy funds to be understated by \$546 and \$1,548, respectively.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Debt**

1. The prior agreed-upon procedure documentation disclosed no debt outstanding as of December 31, 2010.
2. We inquired of management, and scanned the Receipt Ledger and Appropriation Ledger for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted no new debt issuances, nor any debt payment activity during 2012 or 2011.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for four employees and two payroll checks for one employee from 2012 and one payroll check for four employees and two payroll checks for one employee from 2011 from the Payroll Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Register - Detail to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the minute records or as required by statute. 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, 2012 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 2012. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes, Medicare and social security	January 31, 2013	December 27, 2012	\$1,997.86	\$1,997.86
State income taxes	January 31, 2013	December 27, 2012	\$350.00	\$350.00
OPERS retirement	January 30, 2013	December 27, 2012	\$823.23	\$823.23

3. For the pay periods ended March 18, 2012 and October 18, 2011, we recomputed the allocation of the Boards' salaries and Boards' per diem amounts to the General and Gasoline Tax funds per the Appropriation Ledger. We found no exceptions.
4. For the 2012 pay period described in the preceding step, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
5. For the 2011 pay period described in step 4, we traced Board per diem time or services performed to time or activity sheets. We found no exceptions.

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

1. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for health, and checks recorded as health in Cemetery Fund for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2012 and ten from the year ended 2011 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 Appropriation Ledger 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 Rev. Code Section 5705.41(D). We found no exceptions.

#### **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 Receipts Ledger for the General, Motor Vehicle License Tax and Gasoline Tax funds for the years ended December 31, 2012 and 2011. The amounts on the *Certificate* agreed to the amount recorded in the accounting ledgers, except for the General and Gasoline Tax funds in 2011 and the General Fund in 2012. The Receipts Ledger recorded budgeted (i.e. certified) resources for the General fund of \$44,500 and \$46,000 for 2012 and 2011 respectively, and \$87,700 for the Gasoline Tax Fund in 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$48,540 and \$48,595 for the General Fund in 2012 and 2011

respectively, and \$88,000 for the Gasoline Tax Fund in 2011. The fiscal officer should periodically compare amounts recorded in the Receipts Ledger 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 purpose.

2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Motor Vehicle License Tax and Gasoline Tax 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 Appropriation Ledger for 2012 and 2011 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax funds. The amounts appropriated agreed to the amount recorded in the accounting ledgers, except for the General Fund in 2012 and 2011. The Appropriation Ledger recorded appropriations for the General fund of \$263,182 and \$185,596 for 2012 and 2011 respectively. However, the appropriations approved by the Board reflected \$264,182 and \$222,596 for the General Fund in 2012 and 2011 respectively. The fiscal officer should periodically compare amounts recorded in the Appropriation Ledger to amounts appropriated by the Board to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purpose.
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, Motor Vehicle License Tax and Gasoline Tax funds for the years ended December 31, 2012 and 2011. 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, 2012 and 2011 for the General, Motor Vehicle License Tax and Gasoline Tax funds, as recorded in the Appropriation Ledger. 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 Ledger 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.
7. We scanned the 2012 and 2011 Receipts Ledger and Appropriation Ledger for evidence of interfund transfers exceeding \$10,000 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 Appropriation Ledger 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**

We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2012 and 2011 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.

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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio

August 23, 2013

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# Dave Yost • Auditor of State

**PENN TOWNSHIP**

**HIGHLAND 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  
OCTOBER 15, 2013**