



Dave Yost • Auditor of State



HARTFORD TOWNSHIP  
LICKING COUNTY

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

Hartford Township  
Licking County  
PO Box 203  
Croton, Ohio 43013

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Hartford Township, Licking County, Ohio, (the Township) 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

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 Fund Ledger Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also traced the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the Fund Ledger Report. We noted a variance of \$6,890.02 between the January 1, 2012 beginning fund balances and the December 31, 2011 balances due to fund balance adjustments made by the Fiscal Officer. We recommend the Fiscal Officer ensure all receipts and expenditures are recorded to the accounting system in a timely manner.
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 Fund Status Reports. The amounts agreed considering the fund balance adjustments made by the Fiscal Officer and timing differences between the bank and accounting records.
4. We confirmed the December 31, 2012 bank account balances with the Township's financial institution. We found one exception where the amount confirmed by Star Ohio was \$78.20 lower than the amount the Township had recorded. We recommend the Fiscal Officer correct the Township fund balance to match actual deposits and investment balances.

**Cash (Continued)**

5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2012 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

**Property Taxes and Intergovernmental**

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 Receipt Register Report. We also traced the advances noted on the Statement to 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 plus three advances for 2012 and 2011. We noted the Receipts Register Report 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 five from 2011. We also selected five receipts from the County Auditor's DTLs from 2012 and five from 2011.
  - 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 noted that one receipt for \$2,451 was posted to an incorrect fund in 2012. A Gasoline Tax receipt was posted to the General Fund instead of the Gasoline Tax Fund. ORC 5705.10(C) states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. We recommend the Fiscal Officer review all receipts to ensure amounts are posted to the correct funds. An adjustment to record the receipt in the Gasoline Tax Fund was made to the accounting system by the Fiscal Officer.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2010. These amounts agreed to the Townships January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
Real Estate Loan	\$40,425
Equipment Loan	\$11,166

### **Debt (Continued)**

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail 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.
3. We obtained a summary of loan activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to the Road & Bridge and Cemetery 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 found four exceptions where principal and interest payments on the Payment Register were allocated to line items other than principal and interest. We also found one debt service payment that was paid after the due date and a late fee was incurred. We recommend that all debt payments on the Township ledgers agree to principal and interest reported on the related debt amortization schedules and that all debt service payments be paid by the due date.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Road & Bridge Fund per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Township must use the proceeds to purchase a Cat Maintainer. We scanned the Payment Register Detail Report and noted the Township purchased a Cat Maintainer in December of 2011.

### **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 Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payment 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 check was posted were reasonable based on the employees' duties as documented in the employees' personnel files or as required by statute. We also determined whether the payment was posted to the proper year. We noted one exception where we found that the zoning inspector's salary was posted to the Gasoline Tax Fund. As a result, we scanned the Payment Detail Register Report for 2011 and 2012 for additional payments to the zoning inspector from a fund other than the General Fund. We noted two additional instances of payment being made from the Gasoline Tax Fund and two exceptions where the zoning inspector's salary was posted to the Road & Bridge Fund instead of the General Fund. The total amount paid from the Gasoline Tax Fund was \$995 and the total amount paid from the Road & Bridge Fund was \$572. . An adjustment to record the payments in the General Fund was made to the accounting system by the Fiscal Officer.

**Payroll Cash Disbursements (Continued)**

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	January 31, 2013	January 2, 2013	\$1,066.19	\$1,066.19
State income taxes	January 15, 2013	January 3, 2013	\$226.90	\$226.90
OPERS retirement	January 30, 2013	December 31, 2012	\$2,160.84	\$2,160.84

3. For the pay periods ended March 20, 2012 and October 17, 2011 we recomputed the allocation of the Boards salaries to the General, Road & Bridge and Cemetery funds per the Payment Register Detail Report. We found no exceptions.
4. For the pay periods described in the preceding step, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found that the Township did not complete supporting certifications as prescribed by Ohio Rev. Code 505.24 for the Trustees' salaries. However, the Board did have detailed work schedules to support the fund allocation. We recommend that the Township complete payroll certificates for all of the Boards' salaries that are not paid 100% from the General Fund.

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report 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 Payment Register 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. 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 eleven instances 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 Revenue Status Report for the General, Motor Vehicle License Tax and Road & Bridge funds for the years ended December 31, 2012 and 2011. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Road & Bridge Fund in 2011. The Revenue Status Report recorded budgeted resources of \$78,280 for the General Fund and \$465,000 for the Road & Bridge Fund in 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$73,124 for the General Fund and \$301,814 for the Road & Bridge Fund. 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.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Motor Vehicle License Tax, and Road & 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.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2012 and 2011 for the following funds: General, Motor Vehicle License Tax (MVLT) and Road & Bridge (R&B) funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report for all funds tested in 2012 and 2011 as noted below.

<b>Fund – Year</b>	<b>Appropriations</b>	<b>Appropriations Status Report</b>	<b>Variance</b>
General – 2011	\$49,262	\$118,958	\$69,696
MVLT – 2011	19,941	18,923	1,018
R&B – 2011	311,069	527,895	216,826
General – 2012	137,995	60,357	77,638
MVLT – 2012	26,070	16,071	9,999
R&B – 2012	510,137	606,486	96,349

If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes and can result in deficit spending.

4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the estimated resources or revenue available. We compared total appropriations to total certified resources for the General, Motor Vehicle Tax and Road & Bridge funds for the years ended December 31, 2012 and 2011. We noted that Motor Vehicle License Tax Fund appropriations for 2011 exceeded certified resources by \$1,027 and Road & Bridge Fund appropriations for 2012 exceeded certified resources by \$6,888, 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, 2012 and 2011 for the General, Motor Vehicle License Tax and Road & Bridge funds, as recorded in the final year end appropriation resolution.

### **Compliance – Budgetary (Continued)**

We noted that General Fund expenditures for 2011 exceeded total appropriations by \$6,659 and Road & Bridge Fund expenditures exceeded total appropriations by \$23,801, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.

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.
7. We scanned the 2012 and 2011 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$2,000 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 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.

### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report 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, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 20, 2013



# Dave Yost • Auditor of State

**HARTFORD TOWNSHIP**

**LICKING 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  
SEPTEMBER 24, 2013**