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*ALGER & ASSOCIATES, Inc.*

CERTIFIED PUBLIC ACCOUNTANTS



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RUGGLES TOWNSHIP

ASHLAND COUNTY, OHIO

A & A

AGREED-UPON-PROCEDURES

FOR THE YEARS ENDED

DECEMBER 31, 2012 & 2011





# Dave Yost • Auditor of State

Board of Trustees  
Ruggles Township  
275 County Road 1171  
Nova, Ohio 44859

We have reviewed the Independent Accountants' Report of Applying Agreed-Upon Procedures of Ruggles Township, Ashland County, prepared by Alger & Associates, LLC, 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. Ruggles 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

June 12, 2013

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# ALGER & ASSOCIATES, INC.

Certified Public Accountants

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

Ruggles Township  
Ashland County  
419 County Road 1183  
Nova, Ohio 44859

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Ruggles 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

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 Agreed-Upon Procedures working papers. We found no exceptions. We also agreed 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 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 Fund Status Reports. The amounts agreed.

4. We confirmed the December 31, 2012 and December 31, 2011 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 and December 31, 2011 bank reconciliation without exception.
5. We selected all the reconciling debits (such as outstanding checks) from the December 31, 2012 and 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 to the check register, to determine the debits were dated prior to December 31. 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 2012 and one from 2011:
  - 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 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 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 settlement sheets from 2012 and five from 2011.
  - a. We compared the amount from the above report 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 noted one exception for 2012. The Fiscal Officer posted the homestead and rollback receipts to property taxes rather than intergovernmental revenue. We recommend the Fiscal Officer record homestead and rollback revenues to intergovernmental receipts as noted in the Township Manual.
  - 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, 2010.
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 two loan activities for 2012 and 2011 and agreed principal and interest payment from the related debt amortization schedule to the Fire District and the Road & Bridge 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 payment. We found the debt payment for the Fire District fund was posted as capital outlay instead of principal and interest payments. The debt payment for the Road and Bridge fund first payment is due June 2013.
4. We were unable to agree the amount of loan proceeds from the debt documents to amounts recorded in the Fire District fund per the Receipt Register Report. The Township did not record the debt proceeds or the corresponding expenditure to the township books. The proceeds from the bank were paid directly to the vendor. We agreed the amount of the second loan proceeds from the debt documents to amounts recorded in the Road and Bridge fund per the Receipt Register Report. The amounts agreed.
5. For the two new debts issued during 2012 and 2011, we inspected the debt legislation, noting the Township must use the loan proceeds to purchase a pumper truck and the second loan proceeds to purchase a tractor and diamond mower. We scanned the Payment Register Detail Report and noted the Township purchased a pumper truck; however, the payment was made directly to the vendor. The Township also purchased the tractor and diamond mower in July of 2012 and, the loan proceeds of \$31,000 were receipted into the Road and Bridge fund. The Township paid \$30,000 from the Road and Bridge fund and \$1,000 from the Gasoline Tax fund. The Township should have paid the \$31,000 from the Road and Bridge fund. The Township has made the appropriate adjustment by decreasing the Road and Bridge fund and increasing the fund balance of the Gasoline Tax fund by \$1,000.

## **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 and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Register 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 minute record 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:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2013	December 27, 2012	\$351	\$351
State income taxes	January 15, 2013	December 21, 2012	\$288	\$288
Local income tax	January 31, 2013	December 21, 2012	\$166	\$166
OPERS retirement	January 30, 2013	December 27, 2012	\$1,806	\$1,806
School Income Tax	January 30, 2013	December 27, 2012	\$99	\$99

3. For the pay periods ended January 2012 and December 2011, we recomputed the allocation of the Board's salaries to the General and Road and Bridge Funds per the Payroll Register. We found no exceptions.
4. For the pay periods 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.

#### 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 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. 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 15 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, Gasoline Tax and Fire District 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 the following:

	<u>Certificate</u>	<u>Accounting System</u>
<u>2011</u>		
General Fund	\$ 38,959	\$ 40,154
<u>2012</u>		
General Fund	\$ 38,726	\$ 39,532
Gasoline Tax Fund	85,109	85,823
Fire District Fund	21,112	21,685

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, 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.
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, Gasoline Tax and Fire District. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
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 Fire District 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, Gasoline Tax and Fire District fund, as recorded in the Appropriation Status 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, 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 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 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.

Gary L. Alger,  
CPA, CFE, CGFM

Digitally signed by Gary L. Alger, CPA,  
CFE, CGFM  
DN: cn=Gary L. Alger, CPA, CFE, CGFM,  
o=Alger & Associates, Inc., ou  
email=g.alger@algerandassociates.com, c=US  
Date: 2013.06.08 08:54:59 -0400

**Alger & Associates, Inc.**  
May 5, 2013



# Dave Yost • Auditor of State

**RUGGLES TOWNSHIP**

**ASHLAND 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  
JUNE 25, 2013**