



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Middleton Township
Wood County
21745 North Dixie Highway
Bowling Green, Ohio 43402

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Middleton Township, Wood County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. 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 recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 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, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the Township's financial institutions. We observed the year-end bank balances on the financial institution's website. The bank balances did not agree due to interest not posted to the books that was recorded on the bank statements totaling \$1,663. The Fiscal Officer should post interest monthly and should record this difference to the Township's books to agree to the bank. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:

- a. We traced each debit to the subsequent January and April bank statements. 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. There were no exceptions.
6. We traced interbank account transfers occurring in December of 2017 and 2016 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions
7. We inspected investments held at December 31, 2017 and December 31, 2016 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

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts agreed except for the rollbacks which were posted at net instead of gross for the March and August 2016 settlements and the March 2017 settlements. This resulted in understatements to the General Fund totaling \$57, the Road and Bridge Fund totaling \$82, the Road Fund totaling \$85, the Fire Fund totaling \$14, and the EMS Fund totaling \$222 in 2017, and to the General Fund totaling \$63, the Road and Bridge Fund totaling \$92, the Road Fund totaling \$96, the Fire Fund totaling \$113, and the EMS Fund totaling \$248 in 2016. The Fiscal Officer should post homestead/rollback amounts at gross and post the related fees as expenses.
 - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10.
 - c. We inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Invoice List (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the Wood county Detail Expense Transactions Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We found that \$34 of the August 2017 rollback receipt was allocated to the wrong funds, resulting in an overstatement to the General Fund totaling \$7, the Road and Bridge Fund totaling \$2, and the EMS Fund totaling \$25, and an understatement to the Road Fund totaling \$3 and the Fire Fund totaling \$31. The Fiscal Officer should use due care in posting to ensure receipts are allocated to the proper funds.
 - c. We inspected the Receipt Detail Report to determine 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, 2015.
2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances, nor any debt payment activity during 2017 or 2016.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Wage Withholding Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Withholding Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files. For two of the employees selected in our testing in 2016, we noted they were paid from incorrect funds. As further described in item 4 below, both employees were paid from various Township funds and had nothing to substantiate payments from any fund other than the General Fund. The Township Fiscal Officer and Trustees should maintain time logs to substantiate all payments from funds other than the General Fund. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm 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 2017. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2018	December 27, 2017	\$2,491.60	\$2,491.60
State income taxes	January 15, 2018	December 20, 2017	968.04	968.36
Local income tax	January 31, 2018	January 19, 2018	98.01	98.01
OPERS retirement	January 30, 2018	December 20, 2017	10,021.83	10,021.83

3. We attempted to re-compute the allocation of the Fiscal Officer's and Boards' salaries to the General, Road and Bridge, SPA Fire, and SPA EMS Funds, for each year of the audit period, and noted no support was maintained to substantiate payment from any funds other than the General Fund. Unless time certifications are maintained to support payment from other funds, the Fiscal Officer and Board salaries should be paid entirely from the General Fund.
4. For each year of the audit period, as described in the preceding procedure, we attempted to trace the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. As noted above, no supporting certifications existed for either year of the audit period. For 2016, \$11,292 from the Road and Bridge Fund, \$5,931 from the SPA Fire Fund, and \$5,958 from the SPA EMS Fund was paid for Fiscal Officer and Board payroll. For 2017, \$12,826 from the Road and Bridge Fund, \$7,469 from the SPA Fire Fund, and \$7,469 from the SPA EMS Fund was used for Fiscal Officer and Board payroll. These amounts should have

been posted in their entirety to the General Fund in each year of the audit period. The Fiscal Officer posted adjustments to the system to reclassify these expenditures to the General Fund. Unless time certifications are maintained to support payment from other funds, the Fiscal Officer and Board salaries should be paid entirely from the General Fund.

5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2017 and ten from the year ended December 31, 2016 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 no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gas Tax and EMS funds for the years ended December 31, 2017 and 2016. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund in both years, the Gas Tax Fund for 2017, and the EMS Fund for 2016. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$256,750 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$255,519. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$269,445 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$241,666. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Gas Tax Fund of \$85,000 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$80,000. The Revenue Status Report recorded budgeted (i.e. certified) resources for the EMS Fund of \$576,500 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$586,540. 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 inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Gas Tax and EMS 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 2017 and 2016 for the following funds: General, Gas Tax, and EMS funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the General and EMS Funds in 2017. The Appropriation Status Report recorded final appropriations for the General

Fund of \$289,379 for 2017. However, the Appropriation Resolution reflected \$331,859. The Appropriation Status Report recorded final appropriations for the EMS Fund of \$814,952 for 2017. However, the Appropriation Resolution reflected \$754,752. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the Appropriation Resolutions to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

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, Gas Tax and EMS funds for the years ended December 31, 2017 and 2016. There were 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, 2017 and 2016 for the General, Gas Tax and EMS fund, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the Special Assessment Riverbend Lakes fund during 2016 to segregate Special Assessment receipts and disbursements, in compliance with Section 5705.09
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2017 and 2016 Revenue Status Reports and Appropriation Status Reports 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 or Court of Common Pleas.
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balances except the Special Assessment Riverbend Fund which had a negative cash fund balance of \$325 at December 31, 2017. The Fiscal Officer should monitor fund balances to prevent funds from having a negative balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 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.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.
2. We inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer has not completed the required ethics training. The Fiscal Officer should complete the required ethics training and report completion of said training via the portal.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost

Auditor of State
Columbus, Ohio

June 27, 2018



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MIDDLETON TOWNSHIP

WOOD 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 31, 2018**