



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Madison Township
Jackson County
7668 State Route 93
Oak Hill, Ohio 45656

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Madison Township, Jackson 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, 2020 and 2019 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, 2020 and 2019 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

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2019 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, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2020 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
5. We selected four reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. There were no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a total of five receipts from the State Distribution Transaction Lists (DTL) and the County Auditor DTLs for 2020 and a total of five from 2019:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Register Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2020 and 2019. The Receipt Register Report included the proper number of tax receipts for each year.
3. We confirmed the total amount paid from the U.S. Department of Agriculture-Rural Development to the Township during 2020 with the USDA. We also agreed the total amount paid from the Ohio Township Risk Management Authority to the Township during 2019 to the remittance advice from OTARMA. We found no exceptions.
 - a. We inspected the Receipt Register Report to determine whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - b. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2018. This amount agreed to the Township's January 1, 2019 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
Backhoe	\$60,000

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 and 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds and loans debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedule to Gasoline Tax Fund and Community Improvement 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 noted no exceptions; however, during 2019 and 2020, the Fiscal Officer incorrectly posted debt payments as public works disbursements instead of principal and interest.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the USDA Grant-Loan fund per the Receipt Register Report. The amounts agreed. And the Township properly recorded the proceeds in a bond fund (i.e. USDA Grant-Loan fund) as required by Ohio Rev. Code § 5705.09(E).
5. For new debt issued during 2020 and 2019, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a mower and dump truck. We inspected the Payment Register Detail Report and observed the Township purchased a mower and dump truck in October and November 2020.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Wage Withholdings Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.

We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files. We found no exceptions.
 - c. We 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, 2020 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 2020. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2021	December 25, 2020	\$802	\$802
State income taxes	January 15, 2021	December 25, 2020	\$108	\$108
OPERS retirement	January 30, 2021	December 25, 2020	\$1,614	\$1,614

3. For the pay periods ended December 31, 2020 and December 31, 2019, we:
 - a. Recomputed the allocation of the Fiscal Officer's and Boards' salary amounts to the General, Motor Vehicle License, Gasoline Tax, and Road and Bridge Funds per the Employee Detail Adjustment Report.
 - b. Traced the Fiscal Officer's and Board's pay for time or services performed to supporting certifications the revised code requires.

We found no exceptions.

4. We compared total gross pay for the fiscal officer and each board member for 2020 and 2019 to the compensation permitted by Ohio Rev. Code § 507.09 and 505.24, respectively. We found the Fiscal Officer was overcompensated \$165 for 2020.

5. We inquired of management and inspected the Wage Detail Report for the years ended December 31, 2020 and 2019 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with Ohio Rev. Code §§ 505.60, 505.601, 505.602 and 505.603 and federal regulations.

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 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. For 2020, one instance was noted in which Township paid OTARMA insurance 100% from a Special Revenue Fund. \$1,748 should have been paid from the General Fund for general liability and public officials' liability premium. This has been agreed to by management and posted to the Township's UAN system.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found five 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 inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code § 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General, Motor Vehicle License Tax and ZOAR Cemetery fund for 2020 and General, Gasoline Tax, and ZOAR Cemetery Fund for 2019. There were no funds for which expenditures exceeded appropriations.
2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 for negative cash fund balances. Ohio Rev. Code § 5705.10 (I) 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.

Sunshine Law Compliance

1. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(e)(2).
2. We inquired with Township management and determined that the Township did not have any completed public records requests during the engagement period.
3. We inquired with Township management and determined that the Township did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).

4. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period therefore it could not be included in a policy manual as required by Ohio Rev. Code § 149.43(E)(2).
6. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period therefore it could not be displayed in all the branches of the Township as required by Ohio Rev. Code § 149.43(E)(2).
7. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected individual training certificates and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We found no exceptions.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting.
 - b. Filed – placed with similar documents in an organized manner.
 - c. Maintained - retained, at a minimum, for the engagement period.
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code §121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

Other Compliance

1. Ohio Rev. Code §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 regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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, 2020 and 2019 in the Hinkle system. There were no exceptions.

2. We inquired of the fiscal officer and 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 §§ 507.12 and 733.81. The Fiscal Officer did not obtain the training required by Ohio Rev. Code §§ 507.12 and 733.81 for her term ended March 31, 2020.

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, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 4, 2021

OHIO AUDITOR OF STATE KEITH FABER



MADISON TOWNSHIP

JACKSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 5/20/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov