



Dave Yost • Auditor of State





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

Board of Trustees  
Mad River Township  
Clark County  
P.O. Box 34  
Enon, Ohio 45323

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Mad River Township (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 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 Summary Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Summary Report to the December 31, 2011 balances in the Cash Summary 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 observed the December 31, 2012 and 2011 year-end checking and money market accounts bank balances on the financial institution's website. We confirmed the December 31, 2012 and 2011 checking, money market account, and certificates of deposits balances with the Township's financial institutions. We found one exception for December 31, 2012 where the Township reported \$615.71 less than the bank confirmed for a certificate of deposit. This was due to interest not posted until 2013. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 and 2011 bank reconciliation. The balances agreed except for the variance noted with the certificate of deposit.

### **Cash and Investments (Continued)**

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation and five from the December 31, 2011 bank reconciliation:
  - a. We traced each debit to the subsequent January and February. 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.
6. 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, 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 five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's Vendor Expense Report 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 fund(s). We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Over-The-Counter Cash Receipts**

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2012 and 10 receipts from 2011 recorded in the Revenue Ledger and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.

**Debt**

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

<u>Issue</u>	<u>Principal outstanding as of December 31, 2010:</u>
Fire Truck Bonds	\$142,522
Road Equipment Bonds	\$ 34,205

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 bonded debt activity for 2012 and 2012 and agreed principal and interest payments from the related Bank Loan Billing Statements to Road Equipment Bond Retirement, Husted Fire Truck Bond Retirement, Miscellaneous Capital Projects, Road & Bridge, and Motor Vehicle License Gas Tax funds 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 no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Road & Bridge, Cemetery, and Miscellaneous Capital Project Funds per the Receipt Register Report. The amounts agreed. The Township properly recorded the Road Equipment bond proceeds in the appropriate Road & Bridge and Cemetery funds as authorized by Ohio Rev. Code Section 505.262 and the Fire Truck bond proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code Section 5705.09(E).
5. For new debt issued during 2011, we inspected the debt legislation, noting the Township must use the proceeds of the \$46,000- 2.72% Road Equipment Bonds, Series 2011 to pay for part of the cost of acquiring road equipment, particularly, a mini-excavator and the \$320,000 – 2.87% Fire Truck Bonds, Series 2011 must be used to acquire a new fire truck and related equipment. We scanned the Payment Register Detail Report and noted the Township purchased a Fire Truck on 12/31/2011 and a Mini –Excavator, Three Buckets, and a Hudson Brothers 7 ton Equipment Trailer on 9/1/2011. All proceeds were spent as required.

**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 Employee Detail Adjustment 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). 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 General Information Employee Reports (Job Title) and Employees' Personnel Files. 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:

**Payroll Cash Disbursements (Continued)**

<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	December 19, 2012	\$3,360.81	\$3,360.81
State income taxes	January 15, 2013	December 19, 2012	1,066.06	1,066.06
Local income tax	January 15, 2013	December 19, 2012	82.32	82.32
OPERS retirement	January 30, 2013	December 19, 2012	11,161.32	11,161.32

**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 one instance 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, Road & Bridge and Fire Building & Equipment Levy Funds for the years ended December 31, 2012 and 2011. The amounts on the *Certificate did not* agree to the amounts recorded in the accounting system. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Road & Bridge, and Fire Building & Equipment funds as \$315,634.05, \$104,535.72, and \$167,250.66, respectively, for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$235,074.76, \$108,488.38, and \$146,671.59, for the General, Road & Bridge, and Fire Building & Equipment funds, respectively. The Township should implement procedures to update the accounting system to reflect the amounts as presented on the *Amended Official Certificate of Estimated Resources* in order to improve financial reporting and to ensure the Board is receiving accurate financial information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Road & Bridge and Fire Building & Equipment Levy 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.

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

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, Road & Bridge and Fire Building & Equipment Levy Funds. 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, Road & Bridge and Fire Building & Equipment Levy 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, Road & Bridge and Fire Building & Equipment Levy Funds, 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 exceeding \$5,000 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

June 11, 2013



# Dave Yost • Auditor of State

**MAD RIVER TOWNSHIP**

**CLARK 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 9, 2013**