



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bedford Township
Coshocton County
25081 SR 79
Warsaw, Ohio 43844

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Bedford Township, Coshocton 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 Cash Journal to the December 31, 2010 balances documented in the Cash Journal. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Journal to the December 31, 2011 balances in the Cash Journal. 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 Cash Journals. The amounts agreed.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly 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, 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 Receipts Journal. 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 Receipts Journal to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipts Journal included the proper number of tax receipts for each year.

3. We selected the only four receipts listed from the State Distribution Transaction Lists (DTL) from 2012 and the only four listed from 2011. We also selected five receipts from the County Auditor's Vendor Audit Trail Report from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Receipts Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found three exceptions. Three gas tax receipts were posted each year to the Debt Service Fund to cover the debt payment. Pursuant to Ohio Rev. Code Section 5705.10(C), restricted funds should be posted to the proper Special Revenue fund established for that restricted purpose. Since the Township posted gas tax receipts sufficient to cover the principal and interest payments due each year, there is no impact on fund balance. Consequently, no finding for adjustment will be issued. Since the debt incurred was for a purpose the Gas Tax Fund could have directly paid (i.e., backhoe and truck used for road maintenance), the Township should record gas tax receipts in the Gas Tax Fund and retire the debt from the Gas Tax Fund. The Fiscal Officer should pay all future debt principal and interest payments from a fund whose monies would have been eligible to make the purchase in the event the Township elects to incur debt.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following notes 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:
Ohio Heritage Truck & Back Hoe Note	\$33,520

2. We inquired of management, and scanned the Receipts Journal and Appropriation Ledger 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. There was no new debt issued in 2012 or 2011.

Debt (Continued)

3. We obtained a summary of note debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

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 Record and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Record to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. 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 minute record and 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 31, 2012	\$1,301.75	\$1,301.75
State of Ohio income taxes	January 31, 2013	December 31, 2012	\$131.26	\$131.26
OPERS retirement	January 31, 2013	December 31, 2012	\$1,098.79	\$1,098.79

3. For the pay periods ended June 28, 2012 and September 29, 2011, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Fund per the Payroll Record. We found no exceptions.

Payroll Cash Disbursements (Continued)

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 support or payroll certifications for the payroll charges to the Gasoline Tax Fund in 2012 for Trustees Dale Hedrick for \$6,721 and Allen Dobson for \$6,721. **Ohio Rev. Code Section 505.24 (C)** and **Ohio Rev. Code Section 507.09 (C)** set forth the method by which Township trustees' and Fiscal Officer's compensation should be allocated, respectively. These sections provide that the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee or fiscal officer if the trustee and fiscal officer were paid on a salary basis as specified in this division, and shall be paid only from the Township general fund or from funds in proportions as the Board may specify by resolution.

In addition, **2004 Op. Att'y Gen. No. 2004-036** requires the trustees and fiscal officer to establish administrative procedures to document the proportionate amount chargeable to other Township funds based on the kinds of services rendered when trustee and fiscal officer salaries are not paid from the general fund. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustee's document all time spent on Township business and the type of service performed, in a manner similar to trustees' paid per diem compensation. If trustees or fiscal officer do not document their time, then no part of salaries may be paid from these other funds.

Recently enacted House Bill 153 has modified Ohio Rev. Code Sections 505.24 and 507.09. Specifically, the Bill has modified Ohio Rev. Code Section 505.24 to require township trustees paid by the annual salary method, that compensate from funds other than the general fund, to certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Each township trustee and township fiscal officer that is compensated from funds other than the general fund must complete the certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. While the certification requirement only applies to township trustees and township fiscal officers, documentation is still required where a township compensates other township employees from funds other than the general fund.

The Fiscal Officer has adjusted the current cash fund balances of the General Fund and Gas Tax Fund by \$13,442.

Non-Payroll Cash Disbursements

1. From the Appropriations Ledger, we re-footed checks recorded as General Fund disbursements for *Public Works*, and checks recorded as *public works* in the Motor Vehicle License Tax fund for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal 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 Cash Journal and to the names and amounts on the supporting invoices. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- 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 *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipt Journal for the General, Gasoline Tax and Road & Bridge Funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Gasoline 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 Ledger for 2012 and 2011 for the following funds: the General Fund, Gasoline Tax and Road & Bridge Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
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 Road & Bridge 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 Road & Bridge Fund, as recorded in the Appropriation Ledger. 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 Receipts Journal 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.

Compliance – Budgetary (Continued)

7. We scanned the 2012 and 2011 Receipts Journal and Appropriation Ledger 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 Ledger 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 Appropriation Ledger 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

April 26, 2013



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BEDFORD TOWNSHIP

COSHOCTON 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 18, 2013**