



Dave Yost • Auditor of State



EDEN TOWNSHIP  
LICKING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

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

Eden Township  
Licking County  
10749 Eden Church Road  
St. Louisville, Ohio 43071

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Eden Township, Licking 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 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 Fund Ledger 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 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 bank account balances with the Township's financial institutions. We found one exception where the amount confirmed by the bank was \$162.38 lower than the amount the Township had recorded due to a posting error when switching financial institutions in 2010 and the Township not posting interest for one of the investments. We recommend the Fiscal Officer correct the Township fund balance to match the deposits and investments and periodically post interest earned on investments to the Township's ledgers.
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.

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

6. We tested interbank account transfers occurring in December of 2012 and 2011 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. 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. We found two exceptions where the receipt was posted at net instead of gross. We recommend that property tax receipts be posted at gross with a corresponding expenditure for auditor fees.
  - 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 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 four receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's DTLs 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 funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission to the Township during 2012 and 2011 with the Ohio Public Works Commission's confirmation website. We found exceptions as noted below.
  - a. We determined whether these receipts were allocated to the proper fund. We found an exception. The Township did not record any receipts from the Ohio Public Works Commission totaling \$11,818 in 2012 and \$233,893 in 2011. We recommend that the Township Fiscal Officer record on-behalf payments made to vendors directly by the Ohio Public Works Commission as required by Auditor of State Bulletin 2002-004.
  - b. We determined whether the receipts were recorded in the proper year. We found an exception. The Township did not record receipts from the Ohio Public Works Commission during 2012 and 2011.

**Debt**

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

<b>Issue</b>	<b>Principal outstanding as of December 31, 2010:</b>
Bank of America - Truck	\$ 41,681

2. We inquired of management, and scanned the Receipt Register Report and Payment Register 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 debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule to Gasoline Tax Fund and Road & Bridge Fund payments reported in the Payment Register Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found two exceptions where the principal and interest payment on the Payment Register were allocated to line items other than principal and interest. We recommend that all debt payments agree to principal and interest reported on the Township ledgers.

**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 Payment Register Detailed Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payment Register Detailed Report 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:

<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 31, 2012	\$1,114.96	\$1,114.96
State income taxes	January 15, 2013	January 4, 2013	\$196.12	\$196.12
OPERS retirement	January 30, 2013	January 4, 2013	\$1,783.18	\$1,783.18

### Payroll Cash Disbursements (Continued)

3. For the pay periods ended March 26, 2012 and November 29, 2011, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General and Road & Bridge Fund per the Payment Register Report. We found no exceptions.
4. For the pay periods described in the preceding step, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found that the Township did not complete supporting certifications as prescribed by Ohio Rev. Code 505.24 and 507.09 for the Trustees' salaries. We recommend that the Township complete payroll certificates for all Fiscal Officer's and Boards' salaries that are not paid 100% from the General Fund.

### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register 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 Report and to the names and amounts on the supporting invoices. We found one instance where a supporting invoice was not found for the disbursement. We recommend that supporting invoices be maintained for all disbursements.
  - 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 three 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, Motor Vehicle License Tax and Road & Bridge 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 for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$60,924.68 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$60,936.05. 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, Motor Vehicle License 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.



**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, Motor Vehicle License Tax and Road & Bridge funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report in all funds in 2012 and 2011 due to the Fiscal Officer not submitting appropriations to the Budget Commission in 2012 and 2011. Although the Board of Trustees approved the annual appropriation measure in both fiscal years, Ohio Rev. Code Section 5705.39 states that no appropriation measure shall become effective until the county auditor files with the appropriating authority certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. We recommend that the Fiscal Officer file yearly appropriations approved by the Board of Trustees to the Budget Commission as required by the Ohio Rev. Code.
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, Motor Vehicle License 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, Motor Vehicle License Tax and Road & Bridge funds, as recorded in the Appropriation Status Report. We noted that expenditures in all funds for 2012 and 2011 exceeded total appropriations due to the Fiscal Officer not submitting appropriations to the Budget Commission in 2012 and 2011, contrary to Ohio Rev. Code Section 5705.41(B). Although the Board of Trustees approved the annual appropriation measure in both fiscal years, Ohio Rev. Code Section 5705.39 states that no appropriation measure shall become effective until the county auditor files with the appropriating authority certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available. We recommend that the Fiscal Officer file yearly appropriations approved by the Board of Trustees to the Budget Commission as required by the Ohio Revised Code.
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 that Township received a grant from the Ohio Public Works Commission during 2012 and 2011 and did not create a separate fund for the grant. We recommend that the Fiscal Officer create a fund to segregate Ohio Public Works Commission grant receipts and disbursements.
7. We scanned the 2012 and 2011 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 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.

**Compliance – Budgetary (Continued)**

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 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.



**Dave Yost**  
Auditor of State

April 12, 2013



# Dave Yost • Auditor of State

**EDEN TOWNSHIP**

**LICKING 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  
MAY 14, 2013**