



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Hocking Township
Fairfield County
1175 Cincinnati-Zanesville Rd
Lancaster, OH 43130

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Hocking Township, Fairfield 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 Status Report to the December 31, 2010 balances in the documentation in the prior year Agreed-Upon Procedures working papers. 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 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 noted one check in the amount of \$40.82 was still outstanding after March 31, 2013.
 - 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 selected one reconciling credits (such as deposits in transit) haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amount to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

Property Taxes, Intergovernmental

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 the only four available from 2011. We also selected five receipts from the County Auditor's DERs from 20X12 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.

Debt

1. From the prior agreed-upon procedures 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.

Issue	Principal outstanding as of December 31, 2010:
OPWC Cap Project Loan	\$51,757.95

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 debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule to Motor Vehicle License Tax 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 found no exceptions.

Debt (Continued)

4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Fire Department Capital Project Fund per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Township must use the proceeds to construct a new fire house. We scanned the Payment Register Detail Report and noted the Township did start construction on a fire house in November of 2012. The project was financed with debt totaling \$440,202; however no proceeds were spent as of December 31, 2012.

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 employees personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. 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	12/30/12	\$2,700.30	\$2700.30
State income taxes	January 15, 2013	12/30/13	\$312.97	\$312.97
Local income tax	January 15, 2013	12/31/12	\$89.47	\$89.47
OPERS retirement	January 30, 2013	12/30/12	\$2,471.98	\$2,471.98

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 two 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, Special Levy-Fire and Emergency Medical Service (EMS) fund and Cemetery 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 Special Levy – Fire and EMS Fund and the General fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Special Levy – Fire and EMS fund of \$303,800 for 2012, whereas the final Amended Official Certificate of Estimated Resources reflected only \$123,800. The Revenue Status Report recorded budgeted resources for General fund of \$121,381 for 2011 however, the final Amended Official Certificate of Estimated resources reflected only \$119,004. 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, Special Levy-Fire and EMS Fund and Cemetery 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 2012 and 2011 for the following funds: General, Special Levy-Fire and EMS fund and Cemetery fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, except, the appropriations recorded in the Appropriations Status Report exceeded the approved appropriations in the General fund and Special-Fire and EMS Levy fund by \$21,000 and \$50,000 respectively for 2012 and \$36,600 and \$7,740 respectively for 2011.

Compliance – Budgetary (Continued)

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, Special Levy – Fire and EMS Fund and Cemetery 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 as recorded in the Appropriation Status Report to total Board approved appropriations for the years ended December 31, 2012 and 2011 for the General, Special Levy – Fire and EMS Fund and Cemetery fund. 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 2012 and 2011. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the Fire Department Capital Project Fund during 2012 to segregate receipts and disbursements related to the construction of the new fire house, in compliance with Section 5705.09 .
7. We scanned the 2012 and 2011 Revenue Status Reports and Appropriation Status Reports for evidence of inter-fund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We noted the Township transferred \$100,000 from the General Fund to the Special levy-Fire and EMS Fund and \$75,000 from the General Fund to the Capital Projects Equipment Fund. Ohio Rev. Code Section 5705.14 allows transfers from the general fund to other funds, as long as the Trustees approve the transfer. The Township did obtain approval to make the transfer, but did not approve the specific amount to be transferred. We also noted a transfer from the Township Share Ohio Public Works Commission Project Stonewall Cemetery fund to the General Fund, in the amount of \$31,621.91. This was an allowable transfer as the capital project was finished, and the remaining fund balance was transferred to the General Fund.
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" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

April 2, 2013



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HOCKING TOWNSHIP

FAIRFIELD 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 9, 2013**