



**NEW CASTLE TOWNSHIP  
COSHOCTON COUNTY**

**AGREED UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2012-2011**



**Dave Yost • Auditor of State**





# Dave Yost • Auditor of State

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

New Castle Township  
Coshocton County  
Walhonding, Ohio 43843

We have performed the procedures enumerated below, with which the Board of Trustees and the management of New Castle Township, Coshocton, 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 Combining Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) to the December 31, 2010 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, 2012 beginning fund balances recorded in the Combining Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) to the December 31, 2011 balances in the Fund Status 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 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 the only reconciling debit (such as outstanding checks) from the December 31, 2012 bank reconciliation:
  - a. We traced the debit to the subsequent January 2013 bank statement. We found no exceptions.
  - b. We traced the amount and date to the check register, to determine the debit was 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 Receipt Register Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund 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 three receipts from the State Distribution Transaction Lists (DTL) from 2012 and three 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 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.

**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.

However, the Township issued a promissory note that is contrary to allowable forms of debt under Ohio Revised Code Section 133. Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities; Section 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision; Section 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and Section 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue. The Board of Trustees and Fiscal Officer signed a loan for a dump truck with Home Loan & Savings Bank in 2010. This debt is a bank loan between a banking institution and the Township, and as such, the notes do not meet the requirements set forth in Ohio Revised Code Chapter 133. The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans with banking institutions are not legal methods of debt for Townships. The Board of Trustees should consult with the Township's legal counsel prior to the Township incurring future debt.

Issue	Principal outstanding as of December 31, 2010:
Home Loan & Savings Bank	\$34,181

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. We noted no new debt issuances; however, they have debt payment activity during 2012 and 2011.
3. We obtained a summary of note debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt statements to debt service 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 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 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. 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. 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	10/5/2012; 11/12/2012; 12/1/2012	\$1,127.14	\$1,127.14
State income taxes	January 15, 2013	12/1/2012	\$227.66	\$227.66
OPERS retirement	January 30, 2013	12/1/2012	\$990.79	\$990.79

3. For the pay periods ended March 15, 2012 and August 29, 2011, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General and Gas Tax Fund per the Employee Detail Adjustment Report. We found no exceptions.
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.

### 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.
  - 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. During testing of certain non-payroll disbursements, warrant #11142 to Premier Landscape Solutions dated July 6, 2011 totaling \$3,265 did not agree to the amount of the supporting invoices totaling \$3,240. Premier Landscape Solutions was overpaid by \$25. The Township should request a refund from the vendor.

Also, we noted warrant # 11329 totaling \$1,928.95 and warrant # 11424 totaling \$1,488.83 dated July 9, 2012 and December 1, 2012, respectively to John Deere Financial were not accompanied by a detailed, itemized invoice. Without supporting documentation, the propriety of the expenditure could be inappropriate or not for a proper public purpose. The Township should maintain supporting documentation for all non-payroll expenditures.

Lastly, 2012 and 2011 warrant numbers identified in the UAN system did not always agree with the physical check numbers. While the warrant number in the UAN system did not agree to the physical check number, both were maintained in numerical sequence.

- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We noted one exception during 2012, the Township Gas Tax Fund monies were used to pay a certain vendor \$1,315 for mowing the area surrounding the Township Hall and Township cemeteries. The portion of the invoice for mowing the cemetery was \$1,255. This amount is not eligible to be paid with Gas Tax Fund monies and is contrary to Ohio Rev. Code Section 5705.10(H) which states that money paid into any fund shall be used only for the purposes for which such fund is established. The client has adjusted their financial statements accordingly.
- 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 fifteen 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 and Gas Tax funds for the years ended December 31, 2012 and 2011. The amounts on the Certificate did not agree to the amount recorded in the accounting system for the General, Motor Vehicle, and Gas Tax funds in 2012 with differences of \$5,383, \$26,295, and \$42,642 and in 2011 with differences of \$12,445, 33,217, and \$35,413, respectively. 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 and Gas Tax 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 Comparison of Disbursement/Encumbrances with Expenditure Authority for 2012 and 2011 for the following funds: General, Motor Vehicle License, and Gas Tax funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Disbursement/Encumbrance with Expenditure report with the exception of the Motor Vehicle License Fund in 2011 which differed by \$59,259.
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 and Gas Tax 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 and Gas Tax fund, as recorded in the Comparison of Disbursement/Expenditure Authority. 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 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. We noted the Township had no such transfers.
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 "D" and "Y".

**Dave Yost**  
Auditor of State

March 15, 2013



# Dave Yost • Auditor of State

**NEW CASTLE 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  
APRIL 18, 2013**