



Dave Yost • Auditor of State



SENECA TOWNSHIP  
NOBLE COUNTY

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

Seneca Township  
Noble County  
54585 Opossum Road  
Senecaville, Ohio 43780

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Seneca Township, Noble 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 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. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Status 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 also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation with an exception. The Township's total fund balance at December 31, 2012, on the primary bank reconciliation did not agree to the total amount from the checking and three savings accounts listed on the bank confirmations at December 31, 2012. The total amount from the bank confirmations was \$155.66 more than the Township's total fund balance at December 31, 2012. Most notably, the Investment Balance of \$2,733.03 on the Primary Bank Reconciliation did not agree to the two savings accounts on the bank confirmation at a local bank. We recommend the Township identify the difference and adjust the Township's accounting system to reconcile with the confirmed bank amount.

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### **Cash (Continued)**

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 Receipt Register Report. 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 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 four from 2011. We also selected five receipts from the County Auditor's Appropriation Ledger 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. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2010.
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 note debt activity for 2012 and agreed principal and interest payments from the related debt amortization schedule to the Gasoline 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.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Gasoline Tax fund per the Cash Journal. The amounts agreed.

**Debt (Continued)**

5. For new debt issued during 2012, we inspected the debt legislation, noting the Township must use the proceeds to purchase a John Deere tractor and a John Deere standard loader. We scanned the Cash Journal and noted the Township purchased a tractor and standard loader in January of 2012. The unspent balance of this debt as of December 31, 2012, was \$22,417.70.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for four employees from 2012 and one payroll check for four 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 codes to which the check was posted were reasonable based on the employees' duties as required by statute. 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 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:

<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	1/31/13	12/27/12	\$243.27	\$243.27
State income taxes	1/15/13	12/27/12	\$68.70	\$68.70
OPERS retirement	1/30/13	12/27/12	\$637.99	\$637.99

4. For the pay periods ended October 25, 2012 and November 19, 2011, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Funds per the Employee Detail Adjustment Report. We found no exceptions.
5. For the pay periods described in the preceding step, we could not trace the Trustee's salary for time or services performed to supporting certifications the Revised Code requires. Although not allowable after September 29, 2011, the Trustees continued to document their time on timesheets. We were able to trace the Trustee's salary for time or services performed to the supporting timesheets.

### Payroll Cash Disbursements (Continued)

To be paid on a salary basis in equal monthly installments, the board of trustees must **unanimously** pass a resolution to allow it. To be paid from any fund(s) other than the General Fund, the resolution must also specify the proportions of the salary that are to be paid from each fund (ORC 505.24(C)). These proportions are a guide for use throughout the year; however, total payment for the fiscal year must be based on the cumulative **actual** service efforts during the fiscal year on restricted fund activity. If trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. A sample certification is attached to AOS bulletin 2011-07. If 100% of the compensation of the township trustee is to be paid from the general fund, no certification is required. We recommend the Township use the payroll certifications as required by the Revised Code.

### Non-Payroll Cash Disbursements

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 disbursement requiring certification was not certified and six 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, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2012 and 2011. The amounts on the *Certificate* agreed to amounts recorded in the accounting system except for the Gasoline Tax Fund in 2012 and the General and Road and Bridge funds in 2011. The Revenue Status Report recorded budgeted (i.e., certified) resources for the Gasoline Tax Fund in the amount of \$94,008 for 2012, for the General Fund in the amount of \$25,170 for 2011, and for the Road and Bridge Fund in the amount of \$5,810 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$120,956.48 for the Gasoline Tax Fund in 2012, \$32,846.39 for the General Fund in 2011 and \$6,600.46 for the Road and Bridge Fund in 2011.



### Compliance – Budgetary (Continued)

The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to legislatively-approved 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, Gasoline Tax and Road and 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 Status Report for 2012 and 2011 for the following funds: General, Gasoline Tax and Road and Bridge. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report except for the Gasoline Tax Fund in 2012. The Appropriation Status Report recorded appropriations for the Gasoline Tax Fund in the amount of \$144,409.32 for 2012. However, the final appropriation resolution reflected \$117,609.26 for the Gasoline Tax Fund in 2012. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the legislatively-approved appropriation resolutions to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
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 and 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 and Bridge 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 \$500 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, appearing to read "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

May 15, 2013



# Dave Yost • Auditor of State

**SENECA TOWNSHIP**

**NOBLE 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 13, 2013**