



Dave Yost • Auditor of State





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

Swanecreek Township  
Fulton County  
5565 County Road D  
Delta, Ohio 43515-9619

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Swanecreek Township, Fulton County, Ohio (the Township), 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 Ledger Report to the December 31, 2010 balances documented in the prior year Agreed Upon Procedures workpapers. 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 no exceptions. We observed the year-end Star Ohio balances on the financial institution's website. The balances agreed. We also compared the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation. The 2012 Star Ohio on-line confirmation was \$11,222 greater than the Investment Balance reported on the UAN December 31, 2012 bank reconciliation. \$9,000 of this difference was due to reconciling transfers from and to the general checking account that was recorded in UAN in 2012 and not reflected in the bank and Star Ohio balances until 2013. The remaining overstatement of \$2,222 in the Star Ohio account was offset primarily by an understatement of the checking account balance. The confirmed checking account balance was \$1,975 less than the reconciled checking account balance. The total un-reconciled overage was \$246. The Township has posted the adjustment to the accounting system.

We recommend the Township upon reconciling its accounts, exercise due diligence in recording transfers of funds from and to Star Ohio and the general checking account within UAN. We also recommend the Township reconcile its accounts timely and accurately. Support for reconciling items should be within each month's reconciliation packet provided to the Board of Trustees. Township Management should take measures to implement controls to assure timely and accurate bank reconciliations including verifying the checking and investment balances to the statements, and verifying reconciling items.

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.
6. We selected the reconciling credit (which is noted as an other adjusting factor of \$6,362) from the December 31, 2012 bank reconciliation:
  - a. \$9,000 of this adjusting factor was due to reconciling transfers from and to the general checking account and was traced to the subsequent January bank and Star Ohio Statements. (\$4,613) of this adjusting factor was due to outstanding payroll electronic fund transfers and was traced to the subsequent January bank statement. The remaining adjusting factor of \$1,975 was a result of the confirmed checking account balance being less than the reconciled checking account balance. The Township has posted the adjustment to the accounting system as noted above.
  - b. We agreed the adjusting factors to the UAN system. \$4,387 of the adjusting factors was December activity in the same amount recorded in the reconciliation. \$1,975 was an unreconciled understatement of the checking account balance.

We recommend the Township exercise due diligence in reconciling its accounts timely and accurately. Support for reconciling items should be within each month's reconciliation packet provided to the Board of Trustees. Township Management should take measures to implement controls to assure timely and accurate bank reconciliations including verifying the checking and investment balances to the statements, and verifying reconciling items.

7. 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 and reconciliation. There were \$9,000 in bank transfers made on the UAN system in December 2012, but were not reflected in the bank and Star Ohio balances until 2013.

We recommend the Township upon reconciling its accounts, exercise due diligence in recording transfers of funds from and to Star Ohio and the general checking account within UAN.

8. 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. 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 Receipt 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.
  - 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 note outstanding as of December 31, 2010. This amount agreed to the Townships January 1, 2011 balance on the summary we used in step 3.

| Issue                   | Principal outstanding as of December 31, 2010: |
|-------------------------|--|
| General Obligation Note | \$25,000                                       |

2. We inquired of management, and scanned the Receipt Register Report and Appropriations 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. We noted no new debt issuances during 2012 or 2011.
3. We obtained a summary of note debt activity for 2011 and agreed principal and interest payments from the related debt amortization schedule to General 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.

**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 codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files or 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 UAN Payroll Employees General Information and 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. Departments and funds to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State and Local income tax withholding authorization and withholding

We found no exceptions related to steps a. – e. 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<br/>(plus employer share,<br/>where applicable)</b>                                    | <b>Date Due</b>  | <b>Date Paid</b> | <b>Amount<br/>Due</b> | <b>Amount Paid</b> |
|---|------------------|------------------|-----------------------|--------------------|
| Federal income taxes and Medicare (and social security, for employees not enrolled in pension system) | January 31, 2013 | January 15, 2013 | \$1,112.15            | \$1,112.15         |
| State income taxes  | January 15, 2013 | January 14, 2013 | 267.40                | 267.40             |
| Local School District income tax  | January 31, 2013 | January 14, 2013 | 91.52                 | 91.52              |
| Village of Swanton Income Tax   | January 31, 2013 | January 15, 2013 | 35.37                 | 35.37              |
| OPERS retirement  | January 30, 2013 | January 14, 2013 | 3,106.86              | 3,106.86           |

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
  - a. Accumulated leave records
  - b. The employee's pay rate in effect as of the termination date
  - c. The Township's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

#### **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 December 31, 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 three instances where disbursements requiring certification were not certified and four 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. We recommend the fiscal officer certify disbursement as required by the Ohio Revised Code. 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 *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Road and Bridge, and the Fire Levy 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 in 2012. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$351,500 for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$350,000. 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, Road and Bridge, and Fire Levy 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, Road and Bridge, and Fire Levy Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, except for the General Fund in 2011. The Appropriations Status Report reflected \$676,576 for 2011. However, the Appropriations Resolution dated September 15, 2011 reflected \$674,576. The fiscal officer should periodically compare amounts recorded in the Appropriations Status Report to amounts approved by 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, Road and Bridge, and Fire Levy 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, Road and Bridge, and Fire Levy 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 \$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.
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 and 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.

### **Other Procedure Performed**

We followed up on an inquiry filed with the Auditor of State's Office questioning payment of wages for the Township and for another governmental entity simultaneously for the same hour(s) worked, where an employee of the Township was paid by the Township for office hours as an Administrative Assistant, answering phones etc. for the Township, while also being paid by the other entity, Swan creek Water District, as a sub-contractor to perform clerical duties.

We inquired with the Fiscal Officer of the Township and the Office Manager of the other entity, Swan creek Water District, as to whether the employee had completed timesheets for the time worked for the other entity. We were provided a recap of the hours worked and paid for by the other entity that identified the number of hours that had overlapped with the hours worked and paid for by the Township. We were also provided the Township employee's timesheets submitted to the other entity. We have performed the following procedures:

- a. Verified the overlapping hours to the timesheets;
- b. Verified the rate of pay, paid by the Township, to the Township employee with the Uniform Accounting Network (UAN) accounting software for each year where overpayment had occurred;
- c. Determined the overpayment by the Township by recalculating gross pay.

Ohio Rev. Code 117.28 requires audit reports to set forth all instances of any public money which has been illegally expended.

For the period November 18, 2009 through November 2, 2011, Christine Lauch performed clerical duties for Swan creek Township while simultaneously working as a sub-contractor for another governmental entity, Swan creek Water District. During this period, Christine Lauch submitted timesheets to Swan creek Township which identified hours worked simultaneously for both Swan creek Township and Swan creek Water District in the amount of \$890. A public employee is not permitted to work hours for one appointing authority while he or she is working simultaneously for another (OH Attorney Gen. Op: No. 2006-047).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Christine Lauch, in the amount of \$890 and in favor of Swan creek Township General Fund.

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

September 3, 2013



# Dave Yost • Auditor of State

**SWANCREEK TOWNSHIP**

**FULTON 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  
OCTOBER 1, 2013**