

**NEW CASTLE TOWNSHIOP  
COSHOCOTON COUNTY**

**AGREED UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Board of Trustees  
New Castle Township  
25408 CR 367  
Walhonding, Ohio 43843

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of New Castle Township, Coshocton County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## Finding for Recovery – Resolved Under Audit

Ohio Rev. Code § 507.09(A)(1) states that a township fiscal officer, with a budget of less than \$250,000, is to receive, beginning in 2016, \$10,398 annually, in equal monthly installments.

From January 1, 2016 to March 31, 2016, Gloria Mosholder, Fiscal Officer, was paid \$825.25 per month, for an annualized compensation rate of \$9,903.00, as previously required under Ohio Rev. Code § 507.09.

From April 1, 2016 to December 31, 2016, Ms. Mosholder was paid at the rate of \$1,153.33 per month, or an annualized rate of \$13,839.96, due to a statutory increase in compensation, effective when the new term began on April 1. However, the statutory increase for township fiscal officers whose budget is less than \$250,000 was \$10,398.00.

Ms. Mosholder incorrectly pro-rated the compensation due at April 1. Instead of earning a pro-rated amount of \$866.50 per month (\$10,398/12), she paid herself \$1,155.33 (\$10,398/9), or a difference of \$2,599.47.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended may be issued against Gloria Mosholder, Fiscal Officer, and the Selective Insurance Company of America, jointly and severally, in the amount of \$2,599.47, and in favor of New Castle Township's General Fund.

On August 14, 2017, the Board of Trustees accepted a repayment agreement with Gloria Mosholder, stipulating that \$400 per month would be withheld from her compensation until all the money is recovered, beginning with the August pay.

Board of Trustees  
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. New Castle Township is responsible for compliance with these laws and regulations.

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

November 21, 2017

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

New Castle Township  
Coshocton County  
25408 CR 367  
Walhonding, Ohio 43843

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of New Castle Township, Coshocton County, Ohio (the Township) and the Auditor of State, on the receipts, disbursements and balances recorded in Township cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the year ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. 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 recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of December 31, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 and 2015 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 and 2015 bank reconciliations without exception.
5. We selected all reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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 found no exceptions.
6. We selected all reconciling credits (such as deposits in transit) haphazardly from the December 31, 2016 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Receipt Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

### **Property taxes, Intergovernmental and Other Confirmable Cash receipts**

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015:
  - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to confirm the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Register Report to confirm 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 2016 and 2015. The Receipts Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected all receipts from the State Distribution Transaction Lists (DTL) from 2016 and all from 2015. We also haphazardly selected five receipts from the County Auditor's Audit Trail Report from 2016 and five from 2015:
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Debt**

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. There were no new debt issuances, nor any debt payment activity during 2016 or 2015.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found from January 1, 2016 to March 31, 2016, Gloria Mosholder, Fiscal Officer, was paid \$825.25 per month, for an annualized compensation rate of \$9,903.00, as previously required under Ohio Rev. Code Section 507.09.

From April 1, 2016 to December 31, 2016, Ms. Mosholder was paid at the rate of \$1,153.33 per month, or an annualized rate of \$13,839.96, due to a statutory increase in compensation, effective when the new term began on April 1. However, the statutory increase for township fiscal officers whose budget is less than \$250,000 was \$10,398.

Ms. Mosholder incorrectly pro-rated the compensation due at April 1. Instead of earning a pro-rated amount of \$866.50 per month (\$10,398/12), she paid herself \$1,153.33 (10,398/9), or a difference of 2599.47

- b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employee's duties as documented in the minute record, timesheets or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm 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 2016. We observed the following:

<b>Withholding (plus employer share Where applicable)</b>	<b>Due Date</b>	<b>Date Paid</b>	<b>Amount W/H</b>	<b>Amount</b>
Federal Income Taxes	January 15, 2017	December 9, 2016	\$ 172.87	\$ 172.87
State Income Taxes	January 15, 2017	December 9, 2016	132.00	132.00
OPERS Retirement	January 31, 2017	December 8, 2016	720.87	720.87

3. For the pay periods ended March 14, 2016 and August 9, 2015, we recomputed the allocation of the Trustee's salaries to the General and Gasoline Fund per the Wage Detail Report. We found no exceptions.
4. For the pay periods described in the preceding step, we could not trace the Boards' salary for time or service performed to supporting certifications the Revised Code requires because certifications were not performed. For 2016 and 2015, the Township did not prepare certifications or timesheets. We expanded our test to review the entire year for both 2016 and 2015 to determine if the allocation between funds was reasonable. It appeared to be reasonable.

Ohio Rev. Code § 505.24 (C) states 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 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 long. 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. We recommend the Township review Ohio Rev. Code §§ 505.24 and 507.09, and adopt formal administrative procedure regarding signed certifications of the allocation of payroll by each Trustee for each monthly pay period. The Fiscal Officer should not distribute the Trustees' salary until such signed certification is obtained. If they are paid 100% out of the General Fund, no certification is required.

5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if township employees and/or Trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.

**Non-payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended 2015 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 image 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 ten 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 inspect all disbursements requiring certification, our report provides 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 Fund, Gas Tax Fund, and the Motor Vehicle Fund for the years ended December 31, 2016 and 2015. The amounts agree.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General Fund, Gas Tax Fund and the Motor Vehicle Fund, the Trustees appropriated for personal services, "as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions except the appropriations were not certified for 2015.
3. We compared total appropriations required by Ohio Revised Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2016 and 2015 for the following funds: General Fund, Gas Tax Fund and the Motor Vehicle Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report for 2016. There is no appropriation resolution for 2015.
4. Ohio Rev. Code Section 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 Fund, Gas Tax Fund and the Motor Vehicle Fund for the years ended December 31, 2016 and 2015. 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, 2016 and 2015 for the General Fund, Gas Tax Fund and the Motor Vehicle Fund, as recorded in the Appropriation Status Report. We noted expenditures exceeded appropriations for 2015.
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, 2016 and 2015. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years, inspect the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid included on the accounting records.
8. We scanned the 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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.
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5701.10(I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds having a negative cash fund balance.

### **Compliance – Contracts and Expenditures**

1. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 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 Compliance**

1. Ohio Revised Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the Township filed their completed financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer and scanned the Fiscal Integrity Act Portal to determine whether the fiscal officer obtained the training required by Ohio Revised Code Section 507.12 and 733.81. The Fiscal Officer has not yet obtained per the Fiscal Integrity Act Portal.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is for the use of the Township to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 29, 2017

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# 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  
DECEMBER 5, 2017**