

LIBERTY TOWNSHIP

CRAWFORD COUNTY

JANUARY 1, 2012 TO DECEMBER 31, 2013
AGREED UPON PROCEDURES



Dave Yost • Auditor of State

Board of Trustees
Liberty Township
3948 Ridgeton Road
Bucyrus, Ohio 44820

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Liberty Township, Crawford County, prepared by Holbrook & Manter, for the period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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. Liberty Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 30, 2014

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Liberty Township
3948 Ridgerton Road
Bucyrus, Ohio 44820

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Liberty Township, Crawford County (the Township) and the Auditor of State 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, 2013 and 2012, 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, 2013 and 2012 bank reconciliations.
 - No exceptions were noted during the testing of the bank reconciliations.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Status Report to the December 31, 2011 documentation in the prior year Agreed-Upon Procedures working papers. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Status Report to the December 31, 2012 balances in the Fund Status Report.
 - The January 1, 2012 beginning fund balances tied to the December 31, 2011 balances in the prior year Agreed-Upon Procedures documentation and the January 1, 2013 beginning fund balances tied to the December 31, 2012 balances.
3. We agreed the totals per the bank reconciliations to the totals in the December 31, 2013 and 2012 fund cash balances reported in the Fund Status Reports.
 - The amounts agreed from the bank reconciliation to the Fund Status Report.

Cash and Investments (continued)

4. We confirmed the December 31, 2013 and 2012 bank account balances with the Township's financial institutions and agreed the confirmed balances to the amounts appearing in the December 31, 2013 and 2012 bank reconciliations.
 - The confirmed balances agreed to those amounts within the bank reconciliation for 2013 and no exceptions were noted. However, for 2012, the balance on the bank reconciliation was less than the amount confirmed by the financial institution in the amount of \$14, which was determined to be a timing issue for interest postings. No additional exceptions were noted.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 bank reconciliation and traced each debit appearing in the subsequent January and February bank statements. We also traced the amounts and dates written to the check register, to determine that the debits were dated prior to December 31.
 - We found no exceptions when testing the reconciling debits.
6. We tested investments held at December 31, 2013 and 2012 to determine that they were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144 and matured within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14.
 - We found no exceptions when testing investments.

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 2013 and one from 2012 and traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report, determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10, and determined whether the receipt was recorded in the proper year.
 - We found no exceptions during our testing of the County receipts.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2013 and 2012.
 - We found no exceptions during our testing of receipts.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2013 and all receipts from 2012 and compared the amount from the DTL to the amount recorded in the Receipt Register Report. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
 - We found no exceptions during our testing of the State receipts.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (continued)

4. We also selected five receipts from the County Auditor’s DTLs from 2013 and five from 2012 and compared the amount from the DTL to the amount recorded in the Receipt Register Report. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.

- We found no exceptions when comparing the County confirms to the Receipt Register Report.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following bonds outstanding as of December 31, 2011.

<u>Issue</u>	<u>Principal outstanding as of December 31, 2011</u>
2008 Equipment Acquisition Bonds	\$ 51,000

- The amounts agreed to the Township’s January 1, 2012 balances on the summary we used in Step 3.

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or payment activity during 2013 or 2012.

- All debt noted agreed to the summary we used in Step 3.

3. We obtained a summary of bond debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedule to the general bond retirement fire truck 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 when comparing the payments from the amortization schedule to the actual payments recorded.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Employee Detail Adjustment Report and tested the following attributes:

- 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)

Payroll Cash Disbursements (continued)

- We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees’ duties as documented in the employees’ personnel files and time records and determined whether the payment was posted to the proper year.
 - See exception noted in step 3 below. No other exceptions were noted during our testing of payroll cash disbursements.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 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 2013. We noted the following:

Withholding (Plus employer share where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income tax & Medicare	January 31, 2014	December 27, 2013	2,190.57	2,190.57
State income taxes	January 15, 2014	December 27, 2013	168.78	168.78
School district income taxes	January 31, 2014	December 27, 2013	153.99	153.99
OPERS retirement	January 30, 2014	December 27, 2013	823.20	823.20

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.
3. For the pay periods ended September 10, 2013 and June 12, 2012, we compared documentation and the recomputation supporting the allocation of the Boards’ salaries to the General and the Gasoline Tax Fund per the Employee Detail Adjustment Report.
- We noted one trustees’ check each year where he certified his time as 40% General Fund and 60% Road Funds; however, his check was allocated 38% General Fund and 62% Gasoline Tax Fund in UAN. Because of the differences noted, we summarized the certifications for the entire year and compared the percentages certified for the year to the amounts actually allocated in UAN for the year. In 2012, we noted a difference of \$66, which would increase the General Fund balance and decrease the Gasoline Tax Fund Balance; however, the adjustment is immaterial and will be considered an unadjusted difference for 2012. We also analyzed the entire year as a whole for 2013 and noted that the allocation certified for the year agreed to the allocations in UAN for the year.
4. For the pay periods described in the preceding step, we traced the Boards’ time for services performed to supporting certifications the Revised Code requires.
- See exception noted in step 3 above.

Payroll Cash Disbursements (continued)

5. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums.
 - Insurance reimbursements made were in compliance with ORC 505.60 and 505.601.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended 2012 to determine the following:
 - The disbursements are for a proper public purpose.
 - 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.
 - The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used.
 - 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 no exceptions during our testing of disbursements.

Compliance-Budgetary

1. We compared the total estimated receipts from the Amended 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 Tax, and Gasoline Tax funds for the years ended December 31, 2013 and 2012.
 - The amounts on the Certificate agreed to the amount recorded in the accounting system.
2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General Fund, Motor Vehicle License Tax Fund, and Gasoline Tax Fund, 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 when scanning appropriation measures to determine that each department had personal services appropriated separately.

Compliance-Budgetary (continued)

3. We compared the total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40 to the amounts recorded in the Appropriation Status Report for 2013 and 2012 for the following funds: General, Gasoline Tax, and Road and Bridge funds.
 - We found no exceptions when comparing the total appropriations to the amounts recorded in the Appropriation Status Report.
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, Gasoline Tax, and Bond Retirement funds for the years ended December 31, 2013 and 2012.
 - We noted no exceptions when comparing appropriations to 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, 2013 and 2012 for the General, Gasoline Tax, and Fire Equipment Levy funds, as recorded in the Appropriation Status Report.
 - We noted no exceptions when comparing total expenditures to total appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. 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 2013 and 2012 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. No exceptions were noted.
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-Budgetary (continued)

9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2013 and 2012 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (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.
 - We noted no funds having a negative cash fund balance.

Compliance-Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2013 and 2012 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 completed a force account project assessment from (i.e., cost estimate).
 - We identified no projects requiring the county engineer to complete a force account cost estimated.

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 preformed 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, the Auditor of State, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.

Shulbrook & Mante

Certified Public Accountants

Marion, Ohio
September 2, 2014

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Dave Yost • Auditor of State

LIBERTY TOWNSHIP

CRAWFORD 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 14, 2014**