



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Middleton Township
Wood County
PO Box 206
Haskins, Ohio 43525

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Middleton Township, Wood 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, 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 December 31, 2012 bank reconciliations. We found no exceptions.
2. We compared the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 balances in the prior year audited statements. The General Fund December 31, 2011 audited balance was \$842,730 while the January 1, 2012 balance per Fund ledger Report was \$842,748 for a variance of \$18. The Special Levy Fire Fund December 31, 2011 audited balance was \$209,283, while the January 1, 2012 balance per the Fund Ledger Report was \$209,337 for a variance of \$54. These variances are due to the Fiscal Officer voiding uncashed checks and putting the amounts back onto the system. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 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, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2013 Certificates of Deposit balances with the Township's financial institution. We found no exceptions. We also observed the year-end checking, repurchase agreement, and savings account bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.

CASH AND INVESTMENTS (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 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 tested interbank account transfers occurring in December of 2013 and 2012 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2013 and December 31, 2012 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 2013 and one from 2012:
 - 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 other than the first tax settlement of 2013 where \$50,308 which was due to the Road and Bridge Fund was posted to the Special Levy Road Fund. The Township has adjusted their financial statements and accounting records to correct the misposting. We recommend the Fiscal Officer post revenues in accordance with the requirements of the Revised Code.
 - 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 2013 and 2012. 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 2013 and all four from 2012. We also selected five receipts from the County Auditor's DTLs from 2013 and five from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed other than General Fund, Special Road Levy, Special Fire Levy, Road and Bridge, and Special EMS Levy Funds Homestead and Rollback receipts being posted at net rather than gross. This resulted in 2013 receipts and expenses being understated by \$72, \$68, \$144, and \$53 respectively. 2012 receipts and expenses were understated by \$86, \$71, \$172, and \$52 respectively. We recommend the Fiscal Officer record all settlements at the gross amount and record the corresponding deductions.

**PROPERTY TAXES, INTERGOVERNMENTAL AND OTHER CONFIRMABLE CASH RECEIPTS
(Continued)**

- b. We determined whether these receipts were allocated to the proper funds. We found no exceptions other than \$6,288 in Homestead and Rollback receipts which was due to the Road and Bridge Fund being posted to the Special Levy Road Fund during 2013. The Township has adjusted their accounting records to correct the misposting. We recommend the fiscal officer post revenues to the appropriate funds.
- c. We determined 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, 2011.
- 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 debt payment activity during 2013 or 2012. We noted no new debt issuances, nor any debt payment activity during 2013 or 2012.

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:
 - 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 and minute record or as required by statute. 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, 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 taxes and Medicare (and social security, for employees not enrolled in pension system)	January 31, 2014	January 2, 2014	\$2,892.15	\$2,892.15
State income taxes	January 15, 2014	February 5, 2014	1,778.42	1,778.42
School District income tax	January 31, 2014	February 5, 2014	535.54	535.54
Local income Tax	January 31, 2014	February 5, 2014	445.96	445.96
OPERS retirement	January 30, 2014	January 31, 2014	13,822.73	13,822.73

PAYROLL CASH DISBURSEMENTS (Continued)

3. 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 December 31, 2012 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 five 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. We recommend the fiscal officer certify expenditures in accordance with the requirements of the Revised Code.

COMPLIANCE – BUDGETARY

1. We compared the total estimated receipts from the *Amended 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, Gas Tax, and Road and Bridge funds for the years ended December 31, 2013 and 2012. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system. In 2013, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$471 and no estimate was posted for the Gas Tax, and Road and Bridge funds. However, the final *Amended Official Certificate of Estimated Resources* reflected \$263,141, \$75,000, and \$74,641 respectively. In 2012, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$471 and no estimate was posted for the Gas Tax, and Road and Bridge funds. However, the final *Amended Official Certificate of Estimated Resources* reflected \$275,292, \$75,000, and \$73,670 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 2013 and 2012 to determine whether, for the General, Gas 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.

COMPLIANCE – BUDGETARY (Continued)

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 2013 and 2012 for the following funds: General, Gas Tax, and Road and Bridge funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report. The 2013 Appropriation Status report for the General, Gas Tax, and Road and Bridge funds were \$921,136, \$70,000 and \$387,344 respectively. However the final appropriation resolution recorded \$1,388,086, \$207,443 and \$271,017 respectively. The 2012 Appropriation Status report for the General, Gas Tax, and Road and Bridge funds were \$804,000, \$80,303 and \$495,500 respectively. However the final appropriation resolution recorded \$1,118,022, \$148,539 and \$528,185 respectively. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the Appropriation Resolution 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, Gas Tax, and Road and Bridge funds for the years ended December 31, 2013 and 2012. 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, 2013 and 2012 for the General, Gas Tax, and Road and Bridge fund, 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, 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.
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.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2013 and 2012 for negative cash fund balances. 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 AND EXPENDITURES

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 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

Columbus, Ohio

September 25, 2014



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MIDDLETON TOWNSHIP

WOOD 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 9, 2014**