



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Madison Township
Clark County
PO Box V
228 West Columbus Rd
South Charleston, OH 45368

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Madison Township (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2019 and 2018 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 years ended December 31, 2019 and 2018 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, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Fund Status Report to the December 31, 2017 balances in the prior year audited statements. We also agreed the January 1, 2019 beginning fund balances recorded in the Fund Status Report to the December 31, 2018 balances in the Fund Status Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 and 2018 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balances for the Township through the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2019 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2019 bank reconciliation:
 - a. We traced the debits to the subsequent January bank statement. We found no exception for the outstanding check.

Cash (Continued)

- b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions for the outstanding check.

We noted a debit adjusting factor on the bank reconciliation, in the amount of \$2,609.23, which balanced the bank and book amounts. The bank reconciliation identified the amount as inflating bank errors. The Township's bank reconciliations for all of 2018 and 2019 included adjusting factors between \$23.14 and \$9,455.70. We determined the other adjusting factors were due to inaccurate transactions in the accounting system and not properly clearing transactions posted by the bank. Failure to properly reconcile the bank and books of the Township resulted in fund balances and cash being understated by \$2,609.23. The Township should implement procedures to verify the bank reconciliation is completed accurately. The Board should review adjusting factors to determine if amounts are properly included in the accounting system. The Township adjusted its accounting system to correct the adjusting factors, which resulted in the following:

- General Fund – decreased \$322.80
- Gasoline Tax Fund - decreased \$20.76
- Road and Bridge Fund - decreased \$187.10
- Fire District Fund - increased \$1,596.42
- Emergency Medical Transport Fund - increased \$1,537.65
- EMT Special Levy Fund - increased \$5.82

6. We inspected the Fund Status Report to determine whether the Finding for Adjustment identified in the prior audit report due from the General Fund, payable to the Motor Vehicle License Tax, Ambulance, and Fire funds, was properly posted to the report. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the County Auditor Vendor History Report for 2019 and a total of five from 2018:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions in 2019 and one exception in 2018 where amounts were not properly allocated between the Fire District and Emergency Medical Transport Funds. This error resulted in an overstatement for the Emergency Medical Transport Fund and an understatement for the Fire District Fund in the amount of \$2,300. **Ohio Rev. Code §5705.10(C)** states "all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made." The Township should implement procedures to verify amounts are properly posted to each fund based on the source of revenue. Failure to properly post revenues can result in unallowable expenditures with restricted funds. The Township has adjusted the fund balances in the accounting system.
 - c. We inspected the Receipt Detail Report to determine whether the receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Receipt Detail Report included the proper number of tax receipts for each year.

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

3. We confirmed the total amount paid from Medicount Management to the Township during 2019 and 2018.
 - a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - b. We inspected the Receipt Detail 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, 2017.
2. We inquired of management, and inspected the Revenue Receipt Register and Payment Register Detail Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of notes and loans debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedules/invoices to Emergency Medical Transport fund payments reported in the Payment Register Detail Report. We found the following exceptions:
 - In 2018, \$2,372 in principal payments and \$833 in interest payments were posted as contracted services in the accounting system.
 - In 2018, \$4,887 in principal payments and \$818 in interest payments were posted as capital outlay in the accounting system.
 - In 2019, \$24,710 in principal payments and \$4,519 in interest payments were posted as capital outlay in the accounting system.

The Fiscal Officer should verify principal and interest payments are accurately reported in the accounting system to adequately report debt payments.

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 Emergency Medical Transport fund per the Revenue Receipt Register. The Township did not properly record the proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Revised Code Section 5705.09 (E). The Township should have recorded the debt proceeds in a new capital projects fund rather than the Emergency Medical Transport Fund. The Township should review documents and verify transactions are properly posted to the accounting records.
5. For new debt issued during 2019 and 2018, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a new medic unit. We inspected the Payment Register Detail Report and observed the Township purchased a new medic unit in August of 2018.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2019 and one payroll check for five employees from 2018 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 no exceptions.

Payroll Cash Disbursements (Continued)

- b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record. We found no exceptions in 2019. In 2018, we noted the Fire Fund was improperly charged fifty percent of the Fiscal Officer's pay instead of twenty-five percent. As a result, the Fire Fund was overcharged \$390 and the Emergency Medical Transport Fund was undercharged \$390. The Fiscal Officer should verify expenditures are posted to the correct funds based on supporting documentation. The Township has adjusted its accounting system for the error. We also confirmed 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, 2019 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 2019. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2020	January 15, 2020	\$1,037.77	\$1,037.77
State income taxes	January 15, 2020	January 14, 2020	\$440.43	\$440.43
Village of South Charleston Income Tax	January 31, 2020	January 14, 2020	\$3,112.27	\$3,112.27
OPERS retirement	January 30, 2020	January 14, 2020	\$520.15	\$520.15
School District Income Tax	January 31, 2020	January 14, 2020	\$419.36	\$419.36

3. For the pay periods ended January 31, 2019 and October 31, 2018, we
- Recomputed the allocation of the Fiscal Officer's and Trustees' salary to the General, Gas Tax, Fire District, and Emergency Medical Transport Funds per the Wage Detail Report.
 - Traced the Fiscal Officer's and Trustees' salary for time or services performed to supporting certifications the Revised Code requires.

We noted one exception in 2019. Although the Fiscal Officer completed and signed the certification, the percentages for each fund did not agree to the charges in the accounting system. This resulted in a \$39 error between the Fire District and Emergency Medical Transport Funds.

Ohio Rev. Code § 507.09(D) states in part, a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed. Failure to properly allocate the Fiscal Officer's salary could lead to misuse of funds and misstated financial statements. The Township should implement procedures to verify certifications agree to the accounting system and include all funds salaries are to be allocated. The Township has adjusted its accounting records to decrease the Fire Fund and increase the Emergency Medical Transport Fund by \$39.

Payroll Cash Disbursements (Continued)

4. We compared total gross pay for the fiscal officer and each board member for 2019 and 2018 to the compensation permitted by Ohio Revised Code Sections 507.09 and 505.24, respectively. We found no exceptions.
5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2019 and 2018 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

Non-Payroll Cash Disbursements

We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2019 and 10 from the year ended 2018 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 noted eleven 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 no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General, Motor Vehicle License Tax and Fire District funds. There were no funds for which expenditures exceeded appropriations.
2. We inspected the 2019 and 2018 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. The Township transferred \$21,245 from the Debt Service Fund to the General Fund. **Ohio Rev. Code § 5705.16** does not permit this transfer without approval of the Tax Commissioner (effective after June 30, 2017) or the Court of Common Pleas (effective through June 30, 2017). The Township did not obtain this approval. We therefore requested management to adjust this amount to the Debt Service Fund. As of the date of this report, management has not yet made the required adjustment back to the Debt Service Fund and has declined to obtain the aforementioned required approvals. In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund in favor of the Debt Service Fund in the amount of \$21,245.

Compliance – Budgetary (Continued)

3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2019 and 2018 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. No funds had a negative cash fund balance.

Sunshine Law Compliance

1. We obtained and inspected the Township's Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Township management and determined that the Township did not have any completed public records requests during the engagement period.
3. We inquired with Township management and determined the Township did not have any denied public records requests during the engagement period.
4. We inquired with Township management and determined the Township did not have any public records requests with redactions during the engagement period.
5. We inquired whether the Township has a records retention policy, and that it is readily available to the public. We found no exceptions.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.
7. We inspected the Township's policy manual and determined the public records policy was included. We found no exceptions.
8. We inquired that the Township's poster describing their Public Records Policy was displayed conspicuously in all branches of the Township. We found no exceptions.
9. We inquired with Township management and determined the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inspected individual training certificates and determined whether each elected official (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office. We found no exceptions.
11. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period are to be held. We found no exceptions.

Sunshine Law Compliance (Continued)

12. We inspected the minutes of public meetings during the engagement period and determined whether they were:
- Prepared – a file is created following the date of the meeting
 - Filed – placed with similar documents in an organized manner
 - Maintained - retained, at a minimum, for the engagement period
 - Open to public inspection – available for public viewing or request.
- We found no exceptions.

13. We inspected the minutes from the engagement period and determined the following:
- Executive sessions were only held at regular or special meetings.
 - The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
 - Formal governing board actions were adopted in open meetings.
- We found one exception. The Trustees entered into an executive session; however, the purpose for entering into the executive session was not provided. Pursuant to Ohio Rev. Code § 121.22(G), the Trustees can only enter an executive session for specified purposes. The Township should implement procedures to verify executive sessions are only entered for allowable purposes and the minutes indicate the purpose. Failure to do so could result in unallowable executive sessions and prohibited approvals.

Other Compliance

- Ohio Rev. 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. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2019 and 2018 in the Hinkle system.
- For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
 - Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
 - We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - No unpaid beginning balance was carried forward to the current billing cycle,
 - Ending statement balance was paid in full, and
 - Statement contained no interest or late fees.We found no exceptions.

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 to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2019 and 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

July 21, 2020

OHIO AUDITOR OF STATE KEITH FABER



MADISON TOWNSHIP

CLARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/4/2020

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This report is a matter of public record and is available online at
www.ohioauditor.gov