



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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BYRD TOWNSHIP
BROWN COUNTY

AGREED UPON PROCEDURES

For the Years Ended December 31, 2012 and 2011



Dave Yost • Auditor of State

Board of Trustees
Byrd Township
5255 SR 763
Ripley, Ohio 45167

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of Byrd Township, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the period January 1, 2011 through December 31, 2012. 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 Adjustment – Trustee Salary Allocation

During 2011 and 2012 the Township allocated the expenditure of salaries of the Trustees to the General, Gas tax and Cemetery funds. The Trustees maintained calendars which showed which days during each month that they worked and also showed the type of work performed and from which fund that work was to be paid.

Based upon the logs maintained by the Trustees we recomputed the allocations of the Trustee's salaries and compared that to the amounts paid per the payroll ledgers and UAN expenditure report.

Based upon the logs maintained we found errors in the calculation of the allocations of Trustees pay as noted in the table of adjustments below:

	General Fund	Gas Tax	Cemetery
2011 adjustment	\$(6,566)	\$7,896	\$(1,330)
2012 adjustment	(7,938)	8,065	(127)
Total adjustments	(14,504)	15,961	(1,457)
Adjustments made by the Fiscal Officer on UAN system on March 19, 2013	(7,938)	9,395	(1,457)
Amount remaining to be adjusted	(6,566)	6,566	0

ORC Section 5705.09 requires the Township to establish a separate fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The Township has a Cemetery fund and a Gas Tax fund which receives funds that are required to be used for certain purposes based upon the restricted revenues posted to those funds. The Township expended payroll to those restricted funds based upon incorrect allocations of payroll expenditures which resulted in the expenditures of those funds not being in accordance with those restricted uses.

Additionally, ORC Section 505.24(C) states that trustees who have adopted an annual salary as their method of compensation shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. This section further requires that each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed. The salary amounts charged during the audit period to various funds were not supported by the documents that the Township maintained resulting in the adjustments as noted in the table above.

Upon notifying the Township of these adjustments they posted adjustments for the Cemetery fund and part of the Gas Tax fund however there is an amount which the Township was unable to currently adjust. The following Finding for Adjustment is for those amounts which have not been adjusted.

A Finding for Adjustment is hereby issued against the General Fund in the amount of \$6,566 and in favor of the Gas Tax Fund in the amount of \$6,566.

Official Response:

The Township plans on adjusting the balance of the finding \$6,566 to the Gasoline Tax Fund the end of 2013. Effective 2013 the township has corrected this issue by using Trustee certifications per AOS Bulletin 2011-007.

Board of Trustees
Byrd Township
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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. Byrd 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

May 21, 2013

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Byrd Township
Brown County
5255 SR 763
Ripley, Ohio 45167

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Byrd Township (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, 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 Combined Statement of Receipts, Disbursements, and Changes in Fund Balances to the December 31, 2010 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances to the December 31, 2011 balances in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of the December 31, 2012 and 2011 fund cash balances reported in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2012 bank reconciliation without exception.

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 Revenue Ledger. 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 Revenue Ledger to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Revenue Ledger included the proper number of tax receipts each year.
- 3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the Brown County Auditor's Cross Reference Report from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts were 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.

Over-The-Counter Cash Receipts

- 1. We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2012 and 10 over-the-counter cash receipts from the year ended 2011 recorded in the duplicate cash receipts book and determined whether the:
 - a. Receipt amount agreed to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. Amount charged complied with rates in force during the period. We found no exceptions.
 - c. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior agreed-upon procedures documentation, we noted the following bond outstanding as of December 31, 2010. These amounts agreed to the Township's January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
General Obligation Bonds	\$45,500

- 2. We inquired of management, and scanned the Receipts Journal and Appropriation Ledger for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted no new debt issuances in 2012 or 2011. All debt payments agreed to the summary we used in step 3.
- 3. We obtained a summary of bonded debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule to the Fire District Fund payments reported in the Appropriation Ledger. 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 all employees from 2012 and one payroll check for all employees from 2011 from the Appropriation Ledger and:
 - a. We compared the hours and pay rate, or salary recorded in the Appropriation Ledger 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 required by statute. We also determined whether the payment was posted to the proper year. The Trustees' pay was paid from the General Fund, Gasoline Tax Fund and Cemetery Fund in 2012 and 2011. The Fiscal Officer was paid from the General Fund in 2012 and 2011. The Trustees did provide signed documentation for work performed each month according to the adopted salary resolution. However, the pay allocation was not supported by the documentation provided. Adjustments have been proposed in the following amounts: \$7,938 against the General fund, \$127 against the Cemetery Fund and \$8,065 in favor of the Gas Tax Fund for 2011; \$6,566 against the General Fund, \$1,330 against the Cemetery Fund, and \$7,896 in favor of the Gas Tax Fund. All adjustments for 2011 have been posted to the client's UAN system. The adjustment of \$1,330 against the Cemetery Fund and in favor of the Gas Tax fund for 2012 has been posted to the client's UAN system. The adjustment of \$6,566 against the General fund and in favor of the Gas Tax fund has not yet been posted to the client's UAN system.

2. 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:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2013	12/19/12	\$444.50	\$444.50
State income taxes	January 15, 2013	12/10/12	\$88.83	\$88.83
OPERS retirement	January 30, 2013	12/17/12	\$445.70	\$445.70

3. For the all pay periods in 2012 and 2011, we recomputed the allocation of the Boards' salaries to the General, Gasoline Tax, and Cemetery Funds per the Payroll Report.

ORC Section 505.24 provides requirements for the payment of trustees as follows:

Salary Method: To be paid on a salary basis in equal monthly installments, the board of trustees must *unanimously* pass a resolution to allow it. To be paid from any fund(s) other than the general fund, the resolution must also specify the proportions of the salary that are to be paid from each fund. These proportions are a guide for use throughout the year; however, total payment for the fiscal year must be based on the cumulative actual service efforts during the fiscal year on restricted fund activity. If trustees use the salary method, and are paid solely from the general fund, the only required documentation is a unanimously-approved resolution.

However, for salaries not paid from the general fund, the trustees must complete a certification prior to receiving each pay for that pay period. The certification is not required to be a time log, rather a statement detailing the percentage of time that the trustee, for that pay period, spent providing services related to each fund charged.

The documentation provided by the trustees for each pay did not support the amounts charged to the General, Gasoline Tax, and Cemetery funds. Audit adjustments were proposed to adjust the pay back to the general fund. See step 1.

4. For the pay periods described in the preceding step, we traced Boards' salary for time and services performed to supporting certifications the Revised Code requires. The documentation provided by the trustees for each pay did not support the amounts charged to the General, Gasoline Tax, and Cemetery funds. Audit adjustments were proposed to adjust the pay back to the general fund. See step 1.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2012 and ten from the year ended 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 Appropriation Ledger 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 no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources (*the Certificate*), required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Ledger for the General, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Motor Vehicle License Tax, and Gasoline Tax 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 Ledger for 2012 and 2011 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
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, Motor Vehicle License Tax, and Gasoline Tax 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, Motor Vehicle License Tax, and Gasoline Tax fund, as recorded in the Appropriation Ledger. 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 Journal 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. The Township established the FEMA fund during 2011 to segregate Federal Emergency Management Agency receipts and disbursements, in compliance with Section 5705.09. We also noted the Township established the NCRS fund during 2011 to segregate Natural Resources Conservation Service receipts and disbursements, in compliance with 5705.09.
7. We scanned the 2012 and 2011 Revenue Ledger and Appropriation Ledger 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 Ledger 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 & Expenditures

We inquired of management and scanned the Appropriation Ledger 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.

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 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.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
April 3, 2013

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Dave Yost • Auditor of State

BYRD TOWNSHIP

BROWN 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
JUNE 4, 2013**