



Dave Yost • Auditor of State

KIRKWOOD TOWNSHIP
BELMONT COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Kirkwood Township
Belmont County
65000 Old Route 8
Barnesville, Ohio 43713

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Kirkwood Township, Belmont 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, 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 and Investments

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 Fund Ledger Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 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, 2012 and 2011 fund cash balances reported in the Fund Status Reports. 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 balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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.

Cash and Investments (Continued)

6. We tested investments held at December 31, 2012 and December 31, 2011 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 and Intergovernmental 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 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 one exception. The Township's First-Half 2012 real estate tax Settlement, in the amount of \$20,444, which was received on March 31, 2012, was mis-posted in the amounts of \$9,509 and \$3,163 to the Road and Bridge and Fire District Funds, respectively. This receipt should have been posted to the Road and Bridge, Fire District, and Cemetery Funds, in the amounts of \$8,615, \$894, and \$3,163, respectively. We brought this to management's attention. The Fiscal Officer corrected the Road and Bridge, Fire District, and Cemetery Funds' balances for this item. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
 - 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 and two manufactured homes tax receipts for 2012 and 2011. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2012 and all receipts from 2011. We also selected five receipts from the County Auditor's Cross Reference Report by Vendor Number from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed with two exceptions on the 2012 DTL and two exceptions on the 2011 DTL. In 2012, the Fiscal Officer recorded the homestead and rollback receipts at the net amount of \$1,559 and \$1,564 instead of at the gross amounts of \$1,570 and \$1,575, respectively. In 2011, the Fiscal Officer recorded the homestead and rollback receipts at the net amount of \$1,550 and \$1,552 instead of at the gross amounts of \$1,562 and \$1,563, respectively. We recommend the Fiscal Officer record homestead and rollback receipts at the gross amount, less deductions, to the Township's ledgers.

Property Taxes and Intergovernmental Cash Receipts (Continued)

- b. We determined whether these receipts were allocated to the proper funds. We found two exceptions in the 2012 DTL, and three exceptions in the 2011 DTL. In 2012, a homestead and rollback receipt in the amount of \$1,559, which was received on April 22, 2012, was posted at the net amount to the General Fund. The receipt should have been posted at the gross amount of \$1,570, allocated in the amounts of \$627, \$697, \$47, and \$199, to the General, Road and Bridge, Fire District, and Cemetery Funds, respectively. Another 2012 homestead and rollback receipt in the amount of \$1,564, which was received on October 6, 2012, was posted at the net amount to the General Fund. The receipt should have been posted at the gross amount of \$1,575, allocated in the amounts of \$629, \$699, \$47, and \$200, to the General, Road and Bridge, Fire District, and Cemetery Funds, respectively. In 2011, a homestead and rollback receipt in the amount of \$1,550, which was received on June 1, 2011, was posted at the net amount to the General Fund. The receipt should have been posted at the gross amount of \$1,562, allocated in the amounts of \$624, \$693, \$47, and \$198, to the General, Road and Bridge, Fire District, and Cemetery Funds, respectively. Another 2011 homestead and rollback receipt in the amount of \$1,552, which was received on November 30, 2011, was posted at the net amount to the General Fund. The receipt should have been posted at the gross amount of \$1,563, allocated in the amounts of \$625, \$694, \$46, and \$198, to the General, Road and Bridge, Fire District, and Cemetery Funds, respectively. In addition, in 2011, a rollback receipt in the amount of \$73, which was received on November 30, 2011, was posted entirely to the General Fund. The receipt should have been allocated in the amounts of \$29, \$32, \$2, and \$9, to the General, Road and Bridge, Fire District, and Cemetery Funds, respectively. No other exceptions noted. We recommend the Fiscal Officer post the homestead and rollback tax to the funds in accordance with the semi-annual tax apportionment sheets as received by the County Auditor. We brought this to management's attention. The Fiscal Officer corrected the General, Road and Bridge, Fire District, and Cemetery Fund balances for these items. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
- 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, 2010.
2. We inquired of management and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted no new debt issuances, nor any debt payment activity during 2012 or 2011.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Register - Detail and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register - Detail to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

Payroll Cash Disbursements (Continued)

- 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 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, 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 | 1/31/13 | 12/ 31/12 | \$920.63 | \$920.63 |
| State income taxes | 1/15/13 | 12/28/12 | \$237.56 | \$237.56 |
| OPERS retirement | 1/30/13 | 12/27/12 | \$1,907.09 | \$1,907.09 |

- 3. For the pay periods ended September 30, 2012 and March 31, 2012, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General, Motor Vehicle License, Gasoline Tax, and Road and Bridge Funds per the Payroll Register - Detail. We found no exceptions.
- 4. For the pay periods described in the preceding step, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
- 5. For the pay period January 31, 2011, we traced Board time or services performed to time or activity sheets. We found no exceptions.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report 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 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 no exceptions.

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, Motor Vehicle License Tax, and Road and Bridge 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, Gasoline 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.
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 2012 and 2011 for the following funds: General, Gasoline Tax, and Road and Bridge Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
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, Gasoline Tax, and Road and Bridge Funds for the years ended December 31, 2012 and 2011. For 2012, we noted no funds for which appropriations exceeded certified resources. We noted that the Road and Bridge Fund appropriations for 2011 exceeded certified resources by \$2,708, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
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, Gasoline Tax, and Road and Bridge Funds, 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, 2012 and 2011. 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 2012 and 2011 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.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report 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, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

March 1, 2013



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KIRKWOOD TOWNSHIP

BELMONT 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
MARCH 26, 2013