



**MADISON TOWNSHIP  
PICKAWAY COUNTY  
Agreed-Upon Procedures  
For the Years Ended December 31, 2018 and 2017**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

[www.perrycpas.com](http://www.perrycpas.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Madison Township  
9716 Marcy Road  
Ashville, OH 43103

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Madison Township, Pickaway County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2017 through December 31, 2018. 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. Madison Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 30, 2019

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MADISON TOWNSHIP  
PICKAWAY COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

July 15, 2019

Madison Township  
Pickaway County  
9716 Marcy Road  
Ashville, OH 43103

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of **Madison Township**, Pickaway County (the Township) and the Auditor of State, on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2018 and 2017 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, 2018 and 2017 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, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2016 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2017 balances in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. We found no exceptions.

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedures – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations  
Members: American Institute of Certified Public Accountants

\*Ohio Society of CPAs \* West Virginia Society of CPAs \*Association of Certified Fraud Examiners \* Association of Certified Anti-Money Laundering Specialists\*

### **Cash (Continued)**

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. We found no exceptions.
4. We confirmed the December 31, 2018 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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.

### **Property Taxes and Intergovernmental Receipts**

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipts Journal. The amounts agreed.
  - b. We inspected the Receipts Journal to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We noted no exceptions.
  - c. We inspected the Receipts Journal to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipts Journal to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipts Journal included the proper number of tax receipts for each year.
3. We selected (agreed upon) all receipts from the State Distribution Transaction Lists (DTL) from 2018 and all from 2017. We also selected a sample (agreed upon) of five receipts from the Pickaway County Detail Expense Transaction by Fund from 2018 and five from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Receipts Journal. The amounts agreed.
  - b. We inspected the Receipts Journal to determine that these receipts were allocated to the proper funds. We noted Real Estate Rollback receipts were recorded as Property Tax revenue instead of Intergovernmental in 2018 and 2017. No other exceptions noted.
  - c. We inspected the Receipts Journal to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Debt**

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Receipts Journal and Appropriation Ledger for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. We noted no new debt issuances, nor any debt payment activity during 2018 or 2017.



**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Ledger and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We noted the Fiscal Officer was underpaid by \$891 and one Trustee was underpaid \$540 in 2018 and 2017. We found no other exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll ledger. We found no exceptions.
  - c. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record or as required by state statute. 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, 2018 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 2018. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	January 15, 2019	\$2,280.96	\$2,280.96
State income taxes	January 31, 2019	February 4, 2019	\$300.00	\$300.00
School income tax	January 31, 2019	February 4, 2019	\$325.35	\$325.35
OPERS retirement	January 30, 2019	February 14, 2019	\$1,244.64	\$2,579.28

As stated above, as of the date of this report, the Township did not remit their December 2018 OPERS payment timely. The Township paid their December 2018 and January 2019 remittance on February 14, 2019. This late payment resulted in penalties and interest of \$21.73. The Township also did not remit their 4<sup>th</sup> Quarter 2018 State and School Tax payments timely.

3. We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2018 and 2017, to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

**Non-Payroll Cash Disbursements**

1. From the Cash Journal, we re-footed checks recorded as General Fund disbursements for general government, and checks recorded as public works in the Motor Vehicle License Tax Fund for 2018. We found no exceptions.
  
2. We selected a sample (agreed upon) of 10 disbursements from the Appropriation Ledger for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.

### Non-Payroll Cash Disbursements (Continued)

- 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 8 instances in 2018 and 6 instances in 2017, where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* is used. 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.

### 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 Receipts Journal for the General, Motor Vehicle License Tax and Gasoline Tax funds for the years ended December 31, 2018 and 2017. The Township does not track budgeted receipts on their Receipts Journal or anywhere within their manual accounting system. The fiscal officer should periodically compare amounts recorded in the Comparison of Budgeted and Actual Receipts 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 inspected the appropriation measures adopted for 2018 and 2017 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 2018 and 2017 for the following funds: General, Motor Vehicle License Tax and Gasoline Tax Funds. The Township does not track approved appropriations on the Appropriation Ledger or anywhere with their manual accounting system. The fiscal officer should periodically compare amounts recorded in the Comparison of Cash Disbursements and Encumbrances with Expenditure Authority – All Budgeted Funds to the 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, Motor Vehicle License Tax and Gasoline Tax funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.

**Compliance – Budgetary (Continued)**

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, 2018 and 2017 for the General, Motor Vehicle License Tax and Gasoline Tax funds, as recorded in the Comparison of Cash Disbursements and Encumbrances. 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 inspected the Receipts Journal for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Receipts Journal 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.
9. We inquired of management and inspected 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.
10. We inspected the Cash Journal for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (l) 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**

We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2018 and 2017 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.

### Other Compliance

1. 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 year ended December 31, 2018 in the Hinkle system. Financial information for the year ended December 31, 2017 was filed on February 5, 2019 which was not within the allotted timeframe.
2. 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.
- a. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
  - i. Each transaction was supported with original invoices and for a proper public purpose. 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 for the use of the Township to assist in evaluating it's receipts, disbursements, and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

OHIO AUDITOR OF STATE  
**KEITH FABER**



**MADISON TOWNSHIP**

**PICKAWAY 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  
SEPTEMBER 12, 2019**