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Wheeling, WV 26003  
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Certified Public Accountants, A.C.

**MADISON TOWNSHIP  
PICKAWAY COUNTY  
Agreed-Upon Procedures  
For the Years Ended December 31, 2016 and 2015**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

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, 2015 through December 31, 2016. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 29, 2017

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MADISON TOWNSHIP  
PICKAWAY COUNTY

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

May 10, 2017

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, 2016 and 2015 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, 2016 and 2015 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2015 balances in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. We noted a \$26 variance from General Fund 2015 ending balance to General Fund 2016 beginning balance. We noted no other exceptions.

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### **Cash (Continued)**

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. We noted the bank reconciliation total for December 31, 2015 was \$695,802 and the Combined Statement of Receipts, Disbursements and Changes in Fund Balances reflected \$695,776. We noted no other exceptions.
4. We confirmed the December 31, 2016 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, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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 2016 and one from 2015:
  - 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. However, all property tax receipts were recorded as intergovernmental revenue instead of property tax revenue in 2016 and 2015.
  - 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 2016 and 2015. The Receipts Journal included the proper number of tax receipts for each year.
3. We haphazardly selected all receipts from the State Distribution Transaction Lists (DTL) from 2016 and all from 2015. We also haphazardly selected five receipts from the Pickaway County Detail Expense Transaction by Fund from 2016 and five from 2015.
  - 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 no exceptions. However, one manufactured homestead receipt was recorded as property tax revenue instead of intergovernmental revenue in 2016 and one rollback receipt was recorded as property tax revenue instead of intergovernmental revenue in 2015.
  - 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 audit documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management, and inspected the Receipts Journal and Appropriation Ledger for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. We noted no new debt issuances, nor any debt payment activity during 2016 or 2015.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 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 overpaid by \$76 in 2016 due to increasing her salary effective March 1, 2016 instead of April 1, 2016 when her new term began. 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, 2016 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 2016. We noted 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, 2017	January 17, 2016	\$2,776.46	\$2,745.85
State income taxes	February 28, 2017	January 31, 2017	\$440.00	\$430.00
School income tax	January 31, 2017	January 31, 2017	\$298.17	\$294.60
OPERS retirement	January 30, 2017	January 2, 2017	\$1,185.20	\$1,185.20

As noted above, as of the date of this report, the Township has not paid the correct Federal, State, and School amounts due by the due dates as a result of the Township miscalculating remittance amounts. This was due to missing one employee's withholding in the calculation. The Auditor of State will notify the respected agencies of this matter.

3. We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2016 and 2015, to determine if township employees and/or officers were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations.



### 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 2016. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2016 and ten from the year ended 2015 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 eighteen instances where disbursements requiring certification were not certified 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 Revenue Status Report for the General, Motor Vehicle License Tax and Gasoline Tax funds for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amounts recorded on the accounting system except for the General Fund, Motor Vehicle License Tax Fund, and the Gasoline Tax Fund. The Comparison of Budgeted and Actual Receipts recorded budgeted (i.e. certified) resources for the General Fund of \$478,196, the Motor Vehicle License Tax Fund of \$15,007, and the Gasoline Tax Fund of \$233,325 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$122,200 for the General Fund, \$12,548 for the Motor Vehicle License Tax Fund, and \$87,200 for the Gasoline Tax Fund. The Comparison of Budgeted and Actual Receipts recorded budgeted (i.e. certified) resources for the General Fund of \$425,996, the Motor Vehicle License Tax Fund of \$11,128, and the Gasoline Tax Fund of \$249,107 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$106,076 for the General Fund, \$10,546 for the Motor Vehicle License Tax Fund, and \$76,696 for the Gasoline Tax Fund. 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 2016 and 2015 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.

**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 Comparison of Cash Disbursements and Encumbrances with Expenditure Authority – All Budgeted Funds for 2016 and 2015 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 Status Report for all funds in 2016, however did not agree for all funds in 2015. The Comparison of Cash Disbursements and Encumbrances with Expenditure Authority – All Budgeted Funds recorded appropriations for the General Fund of \$488,293, the Motor Vehicle License Tax Fund of \$15,229, and the Gasoline Tax Fund of \$260,882 in 2015. However, the appropriation resolution reflected \$425,996 for the General Fund, \$11,128 for the Motor Vehicle License Tax Fund, and \$249,107 for the Gasoline Tax Fund in 2015. 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, 2016 and 2015. 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, 2016 and 2015 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, 2016 and 2015. 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. We noted 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 2016 and 2015 Comparison of Budgeted and Actual Receipts and Comparison of Cash Disbursements and Encumbrances 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.

**Compliance – Budgetary (Continued)**

10. We inspected the Cash Journal for the years ended December 31, 2016 and 2015 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, 2016 and 2015 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. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. No exceptions noted.
2. We inquired of the fiscal officer and/or scanned the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev Code Section 507.12. and 733.81. The Fiscal Officer, whose term commenced on April 1, 2016, has completed two of the 12 hours of training. Per review of the Auditor of State Training Portal the Fiscal Officer is not in the system. The Fiscal Officer must be in the Auditor of State Training Portal to receive credit for training.

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 its receipts, disbursements, and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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



# Dave Yost • Auditor of State

**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  
JULY 11, 2017**