

MONTGOMERY TOWNSHIP

MARION COUNTY

**JANUARY 1, 2011 TO DECEMBER 31, 2012
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Board of Trustees
Montgomery Township
P.O. Box 367
Larue, Ohio 43332

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Montgomery Township, Marion County, prepared by Holbrook & Manter, for the period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports 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. Montgomery 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

July 5, 2013

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Montgomery Township
Marion County
P.O. Box 367
Larue, Ohio 43332

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

1. We tested the mathematical accuracy of the December 31, 2012 and 2011 bank reconciliations.
 - No exceptions were noted during the testing of the bank reconciliations.

2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Status Report to the December 31, 2010 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Status Report to the December 31, 2011 balances in the Fund Status Report.
 - No exceptions were noted when comparing ending fund balances to beginning fund balances.

Cash and Investments (continued)

3. We agreed the totals per the bank reconciliations to the corresponding totals in the December 31, 2012 and 2011 cash balances reported in the Fund Status Reports.
 - The amounts agreed from the bank reconciliation to the Fund Status Report.
4. We confirmed the December 31, 2012 and 2011 bank account balances with the Township's financial institutions and agreed the confirmed balances to the corresponding amounts in the December 31, 2012 and 2011 bank reconciliations.
 - Exceptions were noted of (\$2,180.71) and (\$573.44) for 2012 and 2011, respectively. The difference is due to the Township not recording interest until maturity and the bank recording interest on the certificate of deposit as it is earned. Interest was recorded when the certificate of deposit matured in 2013. Treatment appears reasonable considering the Township operates on the cash basis of accounting.

Officials Response - The Fiscal Officer will continue to monitor interest earnings on the certificates of deposit but will not record the interest until they receive the funds at maturity.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation and traced each debit appearing in the subsequent January bank statement. We also traced the amounts and date written to the check register to determine the debits were dated prior to December 31.
 - We found no exceptions when testing the reconciling debits.
6. We tested investments held at December 31, 2012 and 2011 to determine that they were a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144 and matured within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14.
 - We found no exceptions when testing investments.

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 and traced the gross receipts from the Statement to the amount recorded in the Receipt register Report, and determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10, and whether the receipt was recorded in the proper year.
 - We found no exceptions during our testing of the County receipts.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2012 and 2011.
 - We noted the Receipts Register Report included the proper number of tax receipts for each year.

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

3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2012 and all receipts from 2011 and compared the amount from the DTL to the amount recorded in the Receipt Register Report. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
 - We found no exceptions during our testing of the State receipts.
4. We selected five receipts from the County Auditor's confirmation from 2012 and five from 2011 and compared the amount to the amount recorded in the Receipt Register Report. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
 - We found no exceptions when comparing the County confirms to the Receipt Register Report.

Debt

1. The prior agreed-upon procedures 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 Employee Detail Adjustment Report and compared the hours and pay rate, or salary recorded in the Employee detail Adjustment Report to supporting documentation (timecards, legislatively or statutorily approved rate or salary). We also determined that the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and whether it was posted to the proper year.
 - We noted no exceptions when testing payroll checks.

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 that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2012. We noted the following:

Withholding (plus employer share where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income tax & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2013	December 7, 2012	684.56	684.56
State income taxes	January 15, 2013	December 4, 2012	115.80	115.80
OPERS retirement	January 30, 2013	December 4, 2012	639.17	639.17
Local Taxes	January 31, 2013	December 4, 2012	47.54	47.54

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.
3. For the pay periods ended March 31, 2012 and November 30, 2011, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Funds per the Employee Detail adjustment Report.
 - We found no exceptions when re-computing the allocation of salaries, based upon time sheets maintained by each trustee.
 4. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires.
 - We found no exceptions in 2012; however, the Trustees did not complete certifications for 2011.

Official's Response - Trustees certified their time for all of 2012 and they will continue to do so.

Non-Payroll Cash Disbursements

1. 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 to determine the following:
 - The disbursements are for a proper public purpose.
 - 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.
 - The disbursements are posted to a fund consistent with the restricted purpose for which the fund's cash can be used.

Non-Payroll Cash Disbursements (continued)

- 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 4 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 test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Official's Response - The Fiscal Officer will continue to monitor and will try to certify expenditures prior to making disbursements.

Compliance-Budgetary

1. We compared the total estimated receipts from the Amended 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, Gasoline Tax, and Cemetery Funds for the years ended December 31, 2012 and 2011.
 - The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Gasoline Tax, and Cemetery Funds of \$49,700, \$86,000, and \$35,500, respectively, for 2012. However, the final Amended Official Certificate of Estimated Resources reflected \$46,765, \$92,000, and \$40,000 for each fund, respectively.
 - The Revenue Status Report recorded budgeted (i.e. certified) resources for the Gasoline Tax Fund of \$89,000 for 2011. However, the final Amended Official Certificate of Estimated Resources reflected \$88,000.
 - The fiscal officer should periodically compare amounts recorded in the Revenue Status Report 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.

Official's Response - The fiscal officer will continue to monitor and issue an amended certificate as deemed necessary.

2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Gasoline Tax, and Cemetery 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 when comparing appropriation measures for personal services.
3. We compared the total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40 to the amounts recorded in the Appropriation Status Report for 2012 and 2011 for the General, Motor Vehicle License Tax, and the Gasoline Tax Funds.

Compliance-Budgetary (continued)

- The amounts agreed for 2012. For 2011, the Appropriation Status Report recorded budgeted appropriations for the General, Motor Vehicle License Tax, and Gasoline Tax funds of \$66,100, \$250, and \$123,351, respectively. However, the final Appropriation Resolution reflected \$104,965, \$61,786, and \$314,351, respectively. The fiscal officer should periodically compare amounts recoded in the Appropriation Status Report to amounts recorded on the Final Appropriation Resolution to ensure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

Official's Response - The Fiscal Officer will continue to monitor and issue an amended appropriation resolution as deemed necessary based upon budgetary needs of the Township.

4. Ohio Rev. Code Section 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 Private- Purpose Trust funds for the years ended December 31, 2012 and 2011.
 - We noted that General Fund appropriations for 2012 exceeded certified resources by \$2,935 and the Private- Purpose Trust Fund appropriations for 2011 also exceeded certified resources by \$200, 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.

Official's Response - The Fiscal Officer will continue to monitor and issue an amended Appropriation Resolution as deemed necessary.

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 Cemetery funds, as recorded in the Appropriation Status Report.
 - We noted no funds for which expenditures exceeded appropriations; therefore, no exceptions were noted.
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. No exceptions were noted.
7. We scanned the 2012 and 2011 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$2,000 which Ohio Rev. Code Sections 5705.14 -.16 restrict.

Compliance-Budgetary (continued)

- 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. No exceptions were noted.
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; therefore, no exceptions were noted.

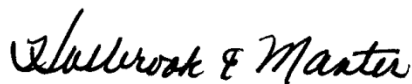
Compliance-Contracts & Expenditures

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 preceded 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.



Certified Public Accountants

June 24, 2013

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Dave Yost • Auditor of State

MONTGOMERY TOWNSHIP

MARION 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 18, 2013**