



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Oxford Township
Erie County
11104 Ransom Road
Monroeville, Ohio 44847-9670

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Oxford Township, Erie 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 documentation 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 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 balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation. We found one exception. The certificate of deposit balance held at Citizens Bank on the Township's accounting system had a carrying balance of \$103,761 while the confirmation had a carrying balance of \$104,071, resulting in a \$310 variance. The variance was due to interest earned in December 2012 not being receipted into the Township's financial system. The Fiscal Officer should receipt all interest when earned into the financial system. If interest is not properly receipted by the Fiscal Officer, the Trustees will not have accurate information when making financial decisions.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation:

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.ohioauditor.gov

- 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.
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 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 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.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2012 and all from 2011. We also selected five receipts from the Erie County Auditor's Confirmation 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 except for homestead and rollback settlements received in 2012 and 2011. In 2012 homestead and rollback settlements were posted net of administrative fees resulting in General and Road and Bridge fund receipts and disbursements being understated by \$68 and \$60, respectively. In 2011 homestead and rollback settlements were posted net of administrative fees resulting in General and Road and Bridge fund receipts and disbursements being understated by \$76 and \$51, respectively. We recommend homestead and rollback settlements be posted gross including administrative fees. Those fees should then, correspondingly, be posted as offsetting expenditures.
 - b. We determined whether these receipts were allocated to the proper funds. The amounts were allocated properly except for homestead and rollback settlements received in 2012 and 2011. The incorrect allocations resulted in fund balances being improperly overstated/(understated) by the following amounts:

Fund	2012 Amount	2011 Amount
General	\$ 21	\$ 11
Road and Bridge	(21)	(11)

Ohio Rev. Code, § 5705.10(D), requires revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose shall be paid into a special fund for such purpose. The Fiscal Officer should allocate rollback/homestead monies in the same manner as general property tax monies are allocated on the *Statement of Semiannual Apportionment of Taxes*. Because we did not test fund allocation for all receipts, our report provides no assurance whether or not additional similar errors occurred. The Fiscal Officer made the adjustments to the Township's ledgers on December 9, 2013.

- c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior agreed-upon procedures documentation, we noted the following loans 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:
OPWC Loan – Huber Road Hill Improvement Project	\$ 2,394
OPWC Loan – Peru Center Culvert Replacement Project	5,891

- 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. All debt noted agreed to the summary we used in step 3.
- 3. We obtained a summary of loan and lease debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to General, Motor Vehicle License Tax, and Gasoline Tax funds payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
- 4. We compared the amount of debt proceeds from the debt documents to the amounts recorded per the Receipt Register Report. We noted lease proceeds of \$23,339 and the corresponding payment to the vendor paid directly to Caterpillar Governmental Equipment Lease was not recorded in 2011. We also noted lease proceeds of \$46,041 and the corresponding payment to the vendor paid directly to John Deere Credit Lease was not recorded in 2012. The Fiscal Officer should record the receipt and disbursement activity associated with lease transactions in the accounting records to properly reflect activity.
- 5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Township must use the proceeds to purchase a backhoe and a tractor with a mower attachment, respectively. We scanned the lease documents and noted the proceeds were disbursed directly to the vendor for the purchase of a backhoe in March, 2011 and a tractor with a mower attachment in August, 2012.

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:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code 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 and Medicare	January 31, 2013	December 31, 2012	\$ 850.21	\$ 845.33
State income taxes	January 15, 2013	December 31, 2012	229.87	228.97
OPERS retirement	January 30, 2013	December 31, 2012	2,023.18	2,060.74

As noted above, the amounts due for Federal income taxes and Medicare, State income taxes, and OPERS retirement did not agree to the amounts paid by the Township. This discrepancy was associated with the correction of errors related to overpayments that occurred during 2012 which were netted against amounts due for the final withholding period.

We noted the Township is not withholding Medicare from the Fiscal Officer's salary, nor was the employer's match remitted to the U.S. Treasury. 26 USC § 3102 (a) requires employers to withhold federal and employment related taxes (such as Medicare) from employees' earnings and to remit the withholdings to the U.S. Treasury on the compensation of a Township employee. The Fiscal Officer should review payroll withholding reports to verify all applicable withholdings are being withheld and remitted to the appropriate agency. The Auditor of State will notify the Internal Revenue Service of this matter.

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 December 31, 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 one instance 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. The Fiscal Officer should certify all expenditures as required by the Ohio Rev. Code. 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, 2012 and 2011. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system for any funds tested. For 2011 the Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Motor Vehicle License Tax, and Gasoline Tax funds of \$183,084, \$8,620, and 85,040, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$127,531, \$9,060, and 85,414, respectively. For 2012 the Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Motor Vehicle License Tax, and Gasoline Tax funds of \$124,916, \$7,370, and 78,473, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$129,190, \$7,170, and 78,273, respectively. 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.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Motor Vehicle License, 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 Status Report for 2012 and 2011 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax. 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, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2012 and 2011. We noted that General Fund appropriations for 2011 exceeded certified resources by \$55,542. We also noted the Motor Vehicle License Tax and Gasoline Tax fund appropriations for 2012 exceeded certified Resources by \$200 and \$199, respectively. Appropriations exceeding certified resources are 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, Motor Vehicle License Tax, and Gasoline Tax fund, 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 and 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.

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

November 22, 2013

This page intentionally left blank.



Dave Yost • Auditor of State

OXFORD TOWNSHIP

ERIE 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
DECEMBER 24, 2013**