



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bath Township
Allen County
2880 Ada Road
Lima, OH 45801

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Bath Township (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, 2014 and 2013, 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, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 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, 2014 and 2013 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 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, 2014 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 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.

6. We tested investments held at December 31, 2014 and December 31, 2013 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 2014 and one from 2013:
 - 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 2014 and 2013. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the Allen County Vendor Invoice List Report from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - 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, 2012. These amounts agreed to the Townships January 1, 2013 balances on the summary we used in step 3, with the exception of three loans. A comparison fo the balances is presented as follows:

Issue	Prior AUP Documentation Principal outstanding as of December 31, 2012:	Township Summary Principal outstanding as of January 1, 2013:
OPWC Country Club Hills Loan	\$281,209	\$549,028
OPWC Fenway Drive Loan	\$208,077	\$250,915
Fire Department Loan	\$1,000,000	\$1,000,000
Dump Plow Truck	\$125,000	\$125,000
Medic Unit	\$0	\$141,285

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt agreed to the summary we used in step 3.

3. We obtained a summary of note and lease debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules to Gasoline Tax Fund, Fire Department Fund, Motor Vehicle License Fund, and Road and Bridge Fund 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. The following exceptions were noted:
 - OPWC Country Club Hills Loan beginning balance was incorrectly stated on the Summary of Note and Lease Debt Activity. The summary reported one semi-annual payment of \$13,391 in both 2014 and 2013. Two payments were made each year totaling \$26,782 per the Payment Register Detail Report. The payments made agreed to the amortization schedule for 2014 and 2013.
 - OPWC Fenway Drive Loan beginning balance was incorrectly stated on the Summary of Note and Lease Debt Activity. The summary reported one semi-annual payment of \$6,120 in both 2014 and 2013. Two payments were made each year totaling \$12,240 per the Payment Register Detail Report. The payments made agreed to the amortization schedule for 2014 and 2013.
 - The summary for the Fire Department Loan presented the interest paid of \$22,260 in 2013 and \$11,997 in 2014 as the amount issued and total payment (interest and principal) of \$413,703 in 2013 and \$620,554 in 2014 as the amount retired rather than principal payments of \$391,443 in 2013 and \$608,557 in 2014.
 - The summary for the Dump Plow Truck Lease presented the interest paid of \$2,612 in 2013 and \$2,071 in 2014 as amount issued and total payment (interest and principal) of \$26,569 in 2013 and \$26,569 in 2014 as the amount retired rather than principal payments of \$23,956 in 2013 and \$24,497 in 2014.
 - The summary presented a beginning January 1, 2013 balance for the Medic Unit Lease; however the lease agreement was entered into in 2013. The summary also did not present the issued amount of \$141,285 in 2013. In 2014, interest paid of \$2,744 was reported as amount issued and the total payment (interest and principal) of \$30,314 as the amount retired rather than principal payment of \$26,970.
 - The errors noted above also resulted in incorrectly reporting the ending balance of outstanding debt for each loan or lease listed.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Fire Department Fund per the Receipt Register Report. The Township did not record the Medic Unit Lease of \$141,285 as loan proceeds or capital outlay during 2013 to the Fire Department Fund. The net effect of this to the Fire Department Fund is zero; therefore, no fund adjustment is necessary.
5. For new debt issued during 2013, we inspected the debt legislation, noting the Township must use the proceeds for a 2013 Osage F4D Super Warrior Ambulance on Ford F-450 Chassis. We scanned the Payment Register Detail Report and noted that the Township did not report the capital outlay as stated in step 4. The net effect of this to the Fire Department Fund is zero; therefore, no fund adjustment is necessary.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 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 employees' personnel

files. 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, 2014 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 2014. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2015	December 30, 2014	3,220	3,220
State income taxes	January 15, 2015	December 30, 2014	1,715	1,715
OPERS retirement	January 30, 2015	December 30, 2014	6,265	6,265
OP&F retirement	January 31, 2015	December 30, 2014	10,272	10,272

3. We recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Township's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

4. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 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, Road and Bridge and Fire Department Funds for the years ended December 31, 2014 and 2013. The amounts on the Certificate agreed to the amount

recorded in the accounting system, except for the General, Road and Bridge, and Fire Department Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Road and Bridge, and Fire Department Fund of \$312,400, \$218,000, and \$1,008,000 respectively for 2014. However, the final Amended Official Certificate of Estimated Resources reflected \$322,883, \$235,155, and \$1,078,989, respectively. Also the Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Road and Bridge, and Fire Department Fund of \$323,021, \$252,679, and \$1,011,609 respectively for 2013. However, the final Amended Official Certificate of Estimated Resources reflected \$333,455, \$242,602, and \$1,080,027, 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 2014 and 2013 to determine whether, for the General, Road and Bridge, and Fire Department 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 2014 and 2013 for the following funds: General, Road and Bridge, and Fire Department. 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, Road and Bridge, and Fire Department Funds for the years ended December 31, 2014 and 2013. We noted that Road and Bridge Fund appropriation for 2013 exceeded certificate resources by \$22,351, 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, 2014 and 2013 for the General, Road and Bridge and Fire Department 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, 2014 and 2013. 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 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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.
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.

9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) 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 Payment Register Detail Report for the years ended December 31, 2014 and 2013 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
Columbus, Ohio

April 20, 2015



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BATH TOWNSHIP

ALLEN 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
MAY 7, 2015**