



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Staunton Township
Miami County
3855 DeWeese Road
Troy, Ohio 45373

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Staunton 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, 2015 and 2014, 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, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Cash Journal to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Cash Journal to the December 31, 2014 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Cash Journal Reports. The amounts agreed.
4. We confirmed the December 31, 2015 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, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 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 Cash Journal, to determine the debits were dated prior to December 31. We noted no exceptions.

Cash and Investments (Continued)

6. We tested investments held at December 31, 2015 and December 31, 2014 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 2015 and one from 2014:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipts Journal. 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 Receipts Journal to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Journal included the proper number of tax receipts for each year.
3. We selected all four receipts from the State Distribution Transaction Lists (DTL) from 2015 and all five from 2014. We also selected five receipts from Miami County's Vendor Expense Report from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Journal. 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. The prior audit documentation disclosed no debt outstanding as of December 31, 2013.
2. We inquired of management, and scanned the Receipt Journal and Appropriations Ledger for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of lease debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedule to Gasoline Tax Fund payments reported in the Appropriations Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Payroll Journal and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Journal to supporting documentation (statutorily-approved salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Payroll Journal. We identified that net pay did not recalculate for one pay period tested in 2014 because required Medicare was not withheld from a Trustee's pay. The United States Internal Revenue Code requires employers to deduct from wages paid to employees the employees' share of Federal Insurance Contributions Act (FICA) taxes and individual income taxes. **See 26 U.S.C. 3102(a) and 3402(a)**. FICA is a United States federal payroll (or employment) tax imposed on both employees and employers to fund Social Security and Medicare. The Township failed to withhold Medicare taxes from the pay of one Trustee for one pay period tested in 2014. The employee share of 1.45% of gross wages should be paid and remitted (along with the employer share of 1.45% gross wages) to the IRS for all applicable payrolls. The Township should review all payrolls for the engagement period to determine if the Township did not remit the proper amount to the IRS for Medicare taxes. If the proper amount has not been paid, the Township should contact the IRS and rectify the situation as soon as possible.
 - c. We determined whether the funds and account code to which the check was posted was reasonable based on the employees' duties as documented in the minute record and as required by statute. We also determined whether the payment was posted to the proper year. We identified that, in three instances reviewed, Trustee pay was incorrectly allocated entirely to restricted funds. **Ohio Revised Code Section 505.24(D)** states, in part, that each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed. Auditor of State Bulletin 2013-002 further explains these statutory requirements. Because township officials are required to attend board meetings in order to conduct the regular business of the township, as the Bulletin indicates, attendance at board meetings and other activities support the general business of the township must be allocated to the general fund; therefore, the allocation of 100 percent of a trustee's compensation to other funds other than the general fund is not permitted under Ohio law. The Township should verify that Trustee payroll certifications accurately reflect the duties performed by each Trustee, which must include at least a portion of time being allocated to general/administrative duties (general fund).
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check.
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding.

We found no exceptions related to steps a. – e. above.

Payroll Cash Disbursements (Continued)

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 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 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2016	December 6, 2015	\$459.70	\$459.70
OPERS retirement	January 30, 2016	January 8, 2016	\$1,075.23	\$1,075.23

4. For the pay periods ended March 30, 2015 and August 31, 2014, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General, Gas, and Road & Bridge Funds per the Payroll Journal. We found no exceptions.
5. For the pay periods described in the preceding step, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. See step 1c. above for exceptions identified related to this requirement.
6. We inquired of management and scanned the Appropriations Ledger for the years ended December 31, 2015 and 2014 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. From the Appropriations Ledger, we re-footed checks recorded as General Fund disbursements for Auditor's & Treasurer's Fees, and checks recorded as *Tools and Equipment* in the Road & Bridge fund for 2015. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriations Ledger for the year ended December 31, 2015 and ten from the year ended 2014 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 Appropriations 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 should have certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found that all twenty disbursements examined were not certified 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.

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 Road & Bridge funds for the years ended December 31, 2015 and 2014. The Receipts Journal did not incorporate any budgetary information from the *Amended Official Certificate of Estimated Resources* for these funds. The fiscal officer should record budgeted revenue in the Receipts Journal and periodically compare budgeted amounts recorded in the Receipts Journal to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree or are not reported at all, the Trustees may be using inadequate or inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2015 and 2014 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 Appropriations Ledger for 2015 and 2014 for the following funds: General, Gasoline Tax, and Road & Bridge. The amounts on the appropriation resolution agreed to the amounts recorded in the Appropriations Ledger for 2015; however, the amounts do not agree for all three funds examined for 2014. For 2014, the Appropriations Ledger reported \$206,484, \$325,300, and \$104,713 for the General Fund, Gasoline Tax Fund, and Road & Bridge Fund, respectively. However the Board approved appropriations of \$294,484, \$348,300, and \$129,713 for the same funds, respectively. The fiscal officer should periodically compare appropriations recorded in the Appropriations Ledger to amounts approved by the Board of Trustees to assure that they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes, which could lead to the Township spending more than was appropriated for any given fund.
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, 2015 and 2014. 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, 2015 and 2014 for the General, Motor Vehicle License Tax, and Gasoline Tax funds, as recorded in the Appropriations Ledger. 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 Receipts Journal for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. 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.

Compliance – Budgetary (Continued)

7. We scanned the 2015 and 2014 Receipts Journal and Appropriations Ledger for evidence of interfund transfers exceeding \$100 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 Appropriations 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.
9. We scanned the Cash Journal for the years ended December 31, 2015 and 2014 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 negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Appropriations Ledger for the years ended December 31, 2015 and 2014 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

July 27, 2016



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STAUNTON TOWNSHIP

MIAMI 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
AUGUST 25, 2016**