



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

Ridgeville Township  
Henry County  
P.O. Box 65  
Ridgeville Corners, Ohio 43555

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Ridgeville Township, Henry County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2018 and 2017 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, 2018 and 2017 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, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 balances in the prior year documentation in the 2016 Combined Statement or Receipts, Disbursements, and Changes in Fund Balance that was filed in the HINKLE system. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 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, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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. There were no exceptions.

### 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 2018 and one from 2017:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts did not agree. Property tax receipts were posted net of fees. This resulted in property tax revenue and disbursements being understated by \$548 and \$2,790 for 2018 and 2017 respectively. Because we did not inspect all property tax receipts, our report provides no assurance whether or not additional similar errors occurred. The Township should record taxes at gross amounts with a corresponding disbursements to record the fees charged.
  - b. We inspected the Receipt Register Report to confirm 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 inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Register Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's County Payments to Ridgeville Township from 2018 and five from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We reviewed the supporting documentation for the amounts recorded as Other Financing Sources for 2018 and 2017. We found the Township incorrectly recorded the sale of a rescue squad in 2017. We found no exceptions in 2018.
  - a. We inspected the Receipt Register Report to determine whether these receipts were allocated to the proper funds. We found the Township incorrectly recorded the sale of a rescue squad as other financing sources in the Fire District fund when Ohio Rev. Code Section 5705.10(F) requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. The Township spent the proceeds on the purchase of a new rescue squad during the year, therefore no adjustment is required to the accounting records since there is no effect on ending fund balances. The Township should implement controls to help ensure all transactions are reviewed and posted to the proper funds.
  - b. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### Over-The-Counter Cash Receipts

We selected a sample (agreed upon) of 10 over-the-counter cash receipts from the year ended December 31, 2018 and 10 over-the-counter cash receipts from the year ended December 31, 2017 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Detail Report. We found no exceptions.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Receipt Register Report to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

### Debt

1. We agreed the January 1, 2017 beginning fund balances to the December 31, 2016 balances in the 2016 draft report filed in the HINKLE System. These amounts agreed to the Townships January 1, 2017 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2016:</b>
State Fire Marshall Loan 2008	\$20,000
State Fire Marshall Loan 2011	100,300
Huntington Bank Loan	120,000

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to special revenue fund payments reported in the Payment Export Report. We also compared the date debt payments were due to the date the Township made the payments. We found no exceptions

During 2018 and 2017, the Township made principal payments on a bank loan. This type of debt is not authorized in Ohio Rev. Code Chapter 133. The Township has no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Without a statutory provision authorizing this method of incurring debt, the Township was not permitted to use such a method. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township. The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

### Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Posting Detail report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee General Information Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

- b. 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. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employee's personnel files and minute record for the following information and compared it 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 and Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above, except the Township does not have employees fill out State of Ohio withholding forms. The Township instead bases state withholdings off of federal withholding on the federal form W-4. The payroll check stubs show state withholdings for all employees. The Township should obtain state withholding forms to support deductions withheld. Additionally, the Township did not state in the minutes which funds maintenance employees were to be paid from. The Township should document which funds employees are to be paid from.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 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 2018. We observed 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 and Medicare	January 31, 2019	January 7, 2019	\$487.51	\$487.51
State income taxes	January 15, 2019	January 8, 2019	135.68	135.68
OPERS retirement	January 30, 2019	January 8, 2019	1,917.16	1,917.16

4. For the pay periods ended November 30, 2018 and April 30, 2017, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General, Fire District, Road and Bridge, and Gasoline Funds per the Payment Export Report. We found no exceptions.
5. For the pay periods described in the preceding procedure, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions with the Trustees salaries. The Fiscal Officer did not complete this certification prior to receiving pay for that pay period, but did subsequently provide a certification. Because we did not test all pay periods, our report provides no assurance whether or not additional similar errors occurred. The Fiscal Officer should provide certifications prior to payments being made.

### Non-Payroll Cash Disbursements

We selected a sample (agreed upon) of 10 disbursements from the Payment Export Report for the year ended December 31, 2018 and 10 from the year ended December 31, 2017 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 Export Report and to the names and amounts on the supporting invoices, or the amount and payee agree to the bank statement if the payment was made by Electronic Funds Transfer (EFT). We found three instances of EFT payments showing on the bank statements as clearing multiple days before the warrant was drawn in the UAN system. However, because we did not inspect all non-payroll disbursements, our report provides no assurance regarding whether or not other similar errors occurred. The Fiscal Officer should ensure the warrant date and EFT date agree.
- 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 four instances in 2017 and three instances in 2018 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 §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. However, because we did not inspect all disbursements requiring certification or report provides no assurance whether or not additional similar errors occurred.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* 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 Road Special funds for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Road and Bridge, and Road Special 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 for 2017. The Township's elected officials failed to adopt an appropriation measurer for 2018. Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed.
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 2018 and 2017 for the following funds: General, Road and Bridge, and Road Special. The amounts on the appropriation resolution agreed to the amounts recorded in the Appropriation Status Report for 2017. For 2018, the Township recorded appropriations of \$90,950, \$29,975, and \$125,100 in the General, Road and Bridge, and Road Special Funds respectively, however, the Township did not adopt appropriations for 2018. This resulted in a difference of \$90,950, \$29,975, and \$125,100 in the General, Road and Bridge, and Road Special Funds respectively between what was recorded in Appropriations Status Report and what was appropriated. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to the amounts approved by the Board 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, Road and Bridge and Road Special funds for the years ended December 31, 2018 and 2017. There were 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, 2018 and December 31, 2017 for the General, Road and Bridge, and Road Special funds, as recorded in the Appropriation Status Report. We noted no exceptions in 2017. For 2018, the General, Road and Bridge, and Road Special Fund expenditures exceeded appropriation by \$70,293, \$18,704, \$26,085 respectively. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. 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. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. 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 2018 and 2017 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balances. 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. No funds had a negative cash fund balances.



## Compliance – Contracts and Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 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. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer and inspected 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. Fiscal Officer obtained the required 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 to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 13, 2019

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# OHIO AUDITOR OF STATE KEITH FABER



**RIDGEVILLE TOWNSHIP**

**HENRY 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 29, 2019**