



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

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

Rush Township  
Scioto County  
PO Box 252  
McDermott, Ohio 45652

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Rush Township (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2019 and 2018 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, 2019 and 2018 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, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 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, 2019 and 2018 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balance for the Township through the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balance to the amounts appearing in the December 31, 2019 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2019 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statements. 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 total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the County Auditor DTLs from 2019 and a total of five from 2018:
  - a. We compared the amount from the above named report(s) to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. On the State DTL, we found that \$1,513 was incorrectly recorded in the Motor Vehicle License Tax fund and should have been posted to the Fire Fund. They corrected the Motor Vehicle License Tax fund and Fire fund balances. However, because we did not inspect all receipts, our report provides no assurance whether or not additional similar errors occurred.
  - c. We inspected the Receipt Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Receipt Detail Report included the proper number of tax receipts for each year.

**Debt**

1. From the prior audit documentation, we observed the following notes were outstanding as of December 31, 2017. These amounts agreed to the Townships January 1, 2018 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2017:
General Obligation Note – Backhoe/Tractor	\$33,054

2. We inquired of management, and inspected the Receipt Detail Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of notes debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedule(s) to Gasoline Tax 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. We found no exceptions.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2019 and one payroll check for five employees from 2018 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

- b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
- c. For any new employees selected we inspected the employees' personnel files and/or minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
  - i. Name
  - ii. Authorized salary or pay rate and department(s) and fund(s) to which the check should be charged
  - iii. Retirement system, Federal, State & Local income tax withholding authorization and withholding

We found one instance of employee personnel records not include the proper forms related to procedures i. – iii. Above, except the federal, state and local income tax withholding authorization forms were not maintained for one employee. However, the payroll register did disclose federal and state income tax withholdings for this employee. We recommend the Township maintain all documentation to support wages paid and deductions withheld.

- 2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2019 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 2019. 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 & Medicare	January 31, 2020	12/22/2019	\$1,122	\$1,122
State income taxes	January 15, 2020	12/22/2019	\$626	\$626
OPERS retirement	January 30, 2020	12/22/2019	\$2,122	\$2,122

- 3. For the pay periods ended September, 2019 and May, 2018, we
  - a. Recomputed the allocation of the Trustee's salaries to the General, Road and Bridge and Gasoline Tax Funds per the Wage Detail Report.
  - b. Traced the Trustee's salary for time or services performed to supporting certifications the Revised Code requires.

We found no exceptions.

- 4. We compared total gross pay for the fiscal officer and each board member for 2019 and 2018 to the compensation permitted by Ohio Revised Code Sections 507.09 and 505.24, respectively. We found no exceptions.

5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2019 and 2018 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 and federal regulations.

### **Non-Payroll Cash Disbursements**

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2019 and 10 from the year ended 2018 and determined whether:
  - a. The disbursements were for a proper public purpose. We found two instances of Time Warner Cable bills being paid after the due date and accrued late fees. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.
  - 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 two instances where the invoice amounts did not agree to amount paid. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.
  - 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 six instances in each respective year, 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 5704.41(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 issued. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### **Compliance – Budgetary**

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General, Gasoline Tax and Cemetery fund. There were no funds for which expenditures exceeded appropriations.
2. We inspected the 2019 and 2018 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000.00 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).
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2019 and 2018 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (l) 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.

### **Sunshine Law Compliance**

1. We obtained and inspected the Township's Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with the Township management and determined that the Township did not have any public records requests during the engagement period.
3. We inquired with Township management and determined that the Township did not have any denied public records requests during the engagement period.
4. We inquired with Township management and determined that the Township did not have any public records requests with redactions during the engagement period.
5. We inquired whether the Township has a records retention policy, and observed that it is readily available to the public. We found no exceptions.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.
7. We inquired with the Township management and determined that the Township did not have a Township Policy Manual during the engagement period therefore the Public Records Policy could not be included.
8. We inquired whether the Township's poster describing their Public Records Policy was displayed conspicuously in all branches of the Township. We found no exceptions.
9. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inquired with the Fiscal Officer and determined whether each elected official (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office. We found that none of the officials have attended training.
11. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period are to be held. We found no exceptions.
12. We inspected the minutes of public meetings during the engagement period and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.

We found no exceptions.

13. We inspected the minutes from the engagement period and determined the following:
- a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.

We found one instance where the purpose for going into the executive meeting was not noted in the minutes.

### **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, 2019 and 2018 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list(s) of authorized users, and
  - a list of all credit card account transactions.
  - a. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
    - i. Each transaction was supported with original invoices and for a proper public purpose.

We found no exceptions.
  - b. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
    - i. No unpaid beginning balance was carried forward to the current billing cycle,
    - ii. Ending statement balance was paid in full, and
    - iii. Statement contained no interest or late fees.



The Township made a \$134 payment on a December 2019 credit card statement, and that statement had a carryover balance. Upon further investigation, we learned that the payment was not for a Township credit card; rather the payment was for the personal credit card of the fiscal officer for the same credit card company. We reviewed all of the related credit card statement payments and found that this was an isolated instance. We reviewed the following month Township credit card statement and found that the Township did not accrue any interest or late fees related to the Township credit card.

Upon discovery of the facts, Jill Springs made a \$134 repayment to the Township on April 30, 2020, duplicate receipt number 35-2020.

The Township should review all disbursement for proper support for all transactions including original receipts for business expense reimbursements and proper public purpose documentation.

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, 2019 and 2018, 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

June 3, 2020

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**RUSH TOWNSHIP**

**SCIOTO 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  
JUNE 23, 2020**