



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Goshen Township
Hardin County
9264 TR 225
Kenton, Ohio 43326

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Goshen Township, Hardin County (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 attempted to agree the January 1, 2013 beginning fund balances recorded in the Fund Status Report to the December 31, 2012 balances in the prior year audited statements. The December 31, 2012 General Fund balance, after the recording of fund adjustment in the amount of \$121 between the General Fund and the Park Levy Fund, in the prior audited financial statements \$210,259 and the January 1, 2013 balance in the Fund Status Report was \$208,961 for a difference of \$1,298. The December 31, 2012 Gasoline Tax Fund balance, which was reported within the Special Revenue Fund type balance in the prior audited financial statements, was reported at \$126,803 and the January 1, 2013 balance in the Fund Status Report was \$124,967 for a difference of \$1,836. After factoring in the \$121 General Fund adjustment, the net impact on the total December 31, 2012 fund balances and the January 1, 2013 fund balances was \$3,255 (\$210,259 + \$121 + \$126,803 - \$208,961 - \$124,967).

The differences in the fund balances was the result of payroll transactions with a Post Date of 01/01/2013 and a Transaction Date of 12/31/2012 being recorded in the 2013 Cash Journal.

The recording of transactions in this manner not only impacts the accounting records that supports the audited financial statements but inhibits the ability of others to detect errors and/or irregularities.

Current period transactions should not be posted in a manner that impacts the prior period ending balances. The Trustees should periodically review the accounting records for such transactions.

Cash and Investments (Continued)

We agreed the January 1, 2014 beginning fund balances recorded in the Fund Status Report to the December 31, 2013 balances in the Fund Status 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. At December 31, 2014 and 2013, the Township held most of its money in a credit union which is not a legal depository per the Ohio Revised Code.

Ohio Rev. Code §135.03 states eligible depositories include national banks and banks defined in ORC § 1101.01. **Ohio Rev. Code § 1101.01-(B)** states that a "Bank" means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise.

"Bank" also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority or another state of the United States or another country, but does not include a savings association, savings bank, or credit union. The Township should maintain all deposits and investments in institutions that are eligible per Ohio Rev. Code §135.03.

The Township held money in checking, savings, and a money market account at a local credit union which is not an eligible depository per Ohio Rev. Code §135.03. At December 31, 2014 and 2013, approximately \$488,153 (83%) and \$482,270 (83%), of the Township's deposits were held in this credit union.

As stewards of public money, the Township should maintain all deposits and investments in depositories that allowed per the Ohio Revised Code. The failure to do so may increase the risk of a financial loss in the event of a failure of the financial institution if insurance and collateral would not cover the Township's money that could not be legally deposited in the credit union.

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 inspected the Cash Summary by Fund Report to determine whether the Finding For Adjustment identified in the prior audit report due from the General Fund, payable to the Park Levy Fund Fund, was properly posted to the report. We found no exceptions.
7. 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, Intergovernmental and Other Confirmable 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 Revenue 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 Revenue Receipt Register report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Revenue Receipt 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 2014 and all receipts from 2013. We also selected five receipts from the Hardin County Expenditure History by Vendor Report from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue 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. The prior audit documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Revenue Receipt Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances, nor any debt payment activity during 2014 or 2013.

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 Wage Base Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Base Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record and monthly calendars. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the payroll binder 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

3. Payroll Cash Disbursements (Continued)

- a. Any other deduction authorizations (deferred compensation, etc.)

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

4. 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 (and social security, for employees not enrolled in pension system)	January 31, 2015	December 1, 2014	\$1,113.53	\$1,113.53
State income taxes	January 15, 2015	January 1, 2015	\$45.14	\$45.14
School District Tax	January 31, 2015	December 7, 2014	\$54.81	\$54.81
OPERS retirement	January 30, 2015	December 9, 2014	\$956.77	\$956.77

5. For the pay periods ended March 31, 2014 and August 31, 2013, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General and Gasoline Tax funds per the Wage Detail Report. We found no exceptions.
6. For the pay periods described in the preceding step, we attempted to trace the Boards' salary for time or services performed to supporting certifications the Revised Code requires. Certifications were not prepared by the Board.

Ohio Rev. Code § 505.24(C) requires that township trustees paid by the annual salary method, that compensate from funds other than the General Fund, must certify the percentage of the time spent working on matters that are to be paid from funds other than the General Fund. Furthermore, these certifications should be completed prior to receiving his/her pay for that pay period. The certifications must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged.

The Board, after being paid, prepared certifications during 2015 which agreed to the allocation of wages.

To help assure the legal disbursement of restricted money and to prevent findings for adjustment as the result of no preparing certifications, certifications should be prepared by the trustees prior to receiving pay.

7. 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. We noted no such reimbursements.

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, Motor Vehicle License and Gasoline Tax funds for the years ended December 31, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 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.
1. 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, Motor Vehicle License, and Gasoline Tax. . The Township uses the Appropriation Fund Status Report as the appropriation resolution. **Therefore** the amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
2. 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 and Gasoline Tax funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources. However, in 2014, the Township did not file its annual appropriation resolution with the county auditor.

Ohio Rev. Code § 5705.39, states in part, that no appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. In 2014, the Township did not file its annual appropriation resolution with the county auditor. As a result the Township did not have legally adopted appropriations.

The Township should develop a reminder system to help assure appropriations are filed with the county auditor.

3. 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, Motor Vehicle License and Gasoline Tax funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations. However, since the Township did not file its 2014 appropriations with the county auditor, appropriations were not legally adopted.

Compliance – Budgetary (Continued)

Ohio Rev. Code § 5705.41(B), states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter. In 2014, the Township did not file its appropriation resolution with the county auditor. As a result, although the Trustees had approved appropriations, they were not legally adopted because they were not filed with the county auditor which resulted in all expenditures exceeding appropriations.

The Township should develop a reminder system to help assure appropriations are filed with the county auditor.

4. 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.
5. We scanned the 2014 and 2013 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.
6. 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.
7. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 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. 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

June 25, 2015

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GOSHEN TOWNSHIP

HARDIN 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
JULY 21, 2015**