



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Harpersfield Township
Ashtabula County
4858 Cork-Cold Springs Road
Geneva, Ohio 44041

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Harpersfield 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, 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 Fund Ledger Report 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 Fund Ledger Report to the December 31, 2014 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, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 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, 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 check register, 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, Intergovernmental and Other Confirmable 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 Revenue Ledger. 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 Ledger to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the County Auditor's Payment Register Report from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). 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 audit documentation, we noted the following bonds and notes outstanding as of December 31, 2013. These amounts agreed to the Townships January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
Fire Truck Note	\$ 31,006
Administration Building/Land Acquisition Bonds	\$290,390
Fire Truck Bonds	\$407,050

2. We inquired of management, and scanned the Revenue Ledger and Payment Register Detail Report 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.

Debt (Continued)

3. We obtained a summary of bonded and note debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to debt service funds 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 haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 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 expanded our testing to include all compensation for the fiscal officer and trustees for 2014 and 2015 and the results are below. Because we did not test all timecards, our report provides no assurance whether or not other similar errors occurred.

Improper Compensation of Elected Officials – Repaid under audit

Pursuant to Ohio Rev. Code § 507.09(A)(4) and 505.24(A)(4), in calendar year 2015 in a township having a budget of more than seven hundred fifty thousand one dollars (\$750,001) but not more than one million five hundred thousand dollars (\$1,500,000), the annual compensation of the township fiscal officer shall be \$16,977 and each township trustee shall be \$10,288.

The Township's Certificate of Estimated Resources as approved by the County Budget Commission, for fiscal year 2015 initially indicated a certified amount of \$1,289,145. The final amount, as approved by the Commission, was \$1,296,620 for the period from January 1, through December 31, 2015. Ohio Attorney General Opinions 92-003 and 99-015 indicate that, under Section 505.24 a Township's Certificate of Estimated Resources is to be utilized in order to determine the appropriate compensation level of the Township Trustees and Fiscal Officer. As such, the maximum annual salary for the fiscal officer and each trustee should have been \$16,977 and \$10,288, respectively, for 2015.

A review of the payroll records indicate Sharon Rohrbaugh, Fiscal Officer, was paid an annual compensation of \$19,806 during 2015 and as a result, an overpayment of \$2,829 occurred. The township trustees were paid annual compensation of \$11,318 for 2015 and as a result, an overpayment of \$257 and \$773 occurred for 2 of the persons holding the first Trustee position (\$1,030 in total), the second and third trustee positions were each overpaid \$1,030.

In accordance with the foregoing facts and circumstances, and, pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Sharon Rohrbaugh, Fiscal Officer, in the amount of \$2,829 and in favor of Harpersfield Township's General Fund. In addition Findings for Recovery for public monies illegally expended are hereby issued against the estate of former Trustee Edward Demshar, in the amount of \$257 and Trustee Ray Gruber Jr., in the amount of \$773; and Trustees James Pristov and Clifford Henry in the amount of \$1,030 each, and in favor of Harpersfield Township's General Fund.

The Township should implement procedures to ensure officials are compensated in accordance with the Ohio Revised Code.

Payroll Cash Disbursements (Continued)

Improper Compensation of Elected Officials - Repaid under audit (Continued)

On May 11, 2016 the following Findings for Recovery have been fully repaid under audit: Fiscal Officer Sharon Rohrbaugh repaid the Township's General Fund \$2,829. Trustee James Pristov repaid \$1,030, Trustee Clifford Henry repaid \$1,030, Trustee Ray Gruber Jr. repaid \$773, and the estate of former Trustee Edward Demshar has been repaid by the Fiscal Officer in the amount of \$257 to the Township's General Fund.

- 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 or as required by statute. 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, 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 (and social security, for employees not enrolled in pension system)	January 31, 2016	January 14, 2016	\$4,024.69	\$4,024.69
State income taxes	January 15, 2016	January 15, 2016	\$350.53	\$350.53
Local income tax	January 31, 2016	January 16, 2016	\$7.50	\$7.50
OPERS retirement	January 30, 2016	January 28, 2016	\$3,427.15	\$3,427.15

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Wage Detail 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, 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 and federal regulations.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report 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 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 one instance 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 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 Revenue Status Report for the General, Road & Bridge and Fire Levy funds for the years ended December 31, 2015 and 2014. The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the General, Road & Bridge, and Fire levy Funds in 2015 and the General Fund in 2014. In 2015, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Road & Bridge and Fire Levy Funds of \$352,685, \$269,540, and \$60,225, respectively, for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$269,451, \$269,894, and \$60,491, respectively. In 2014, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$299,349. However, the final *Amended Official Certificate of Estimated Resources* reflected \$291,849. 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 2015 and 2014 to determine whether, for the General, Road & Bridge and Fire Levy 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 2015 and 2014 for the following funds: General, Road & Bridge, and Fire Levy Funds. 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 & Bridge and Fire Levy funds for the years ended December 31, 2015 and 2014. We noted no funds for which appropriations exceeded certified resources.

Compliance – Budgetary (Continued)

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, Road & Bridge and Fire Levy Funds, 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, 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.
7. We scanned the 2015 and 2014 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, 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 a negative cash fund balance.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail Report 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.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Township filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. Financial statement information was filed as required for 2015; however, notes to the financial statements were not filed.

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" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State
Columbus, Ohio

June 6, 2016

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HARPERSFIELD TOWNSHIP

ASHTABULA 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 21, 2016**