



AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014



Dave Yost · Auditor of State





# Dave Yost • Auditor of State

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

Jefferson Township  
Richland County  
285 South Main Street  
Bellville, Ohio 44813

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Jefferson Township, Richland County, Ohio (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

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 documentation in the prior year Agreed-Upon Procedures working papers. 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 balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount 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.

### **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 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipt Register Report included the proper number of tax receipts for each year.
3. We selected all three receipts from the State Distribution Transaction Lists (DTL) from 2015 and all three from 2014. We also selected five receipts from the County Auditor's Vendor Invoice Lists from 2015 and five from 2014.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. We found one receipt on the State DTL from 2015 in the amount of \$5,250 that was not recorded by the Township.

**Ohio Rev. Code §5705.10** states, in part, all revenue derived from a source other than the general property tax and which the law prescribes, shall be used for a particular purpose is to be paid into a special fund for such purpose.

In May 2015, the state issued a \$5,250 check to the Township related to a fire and emergency medical services grant to reimburse the Fire District Fund for allowable grant purchases. This grant check was improperly received and deposited into the Jefferson Township-Bellville Fire Department's bank account.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money due but not collected is hereby issued against the Jefferson Township-Bellville Fire Department in the amount of \$5,250 in favor of the Jefferson Township Fire District Fund.

On August 8, 2016, the Jefferson Township-Bellville Fire Department refunded \$5,250 to the Jefferson Township Fire District Fund.

- b. We determined whether these receipts were allocated to the proper funds. We found one receipt on the State DTL from 2014 that was allocated to an improper fund.

**Ohio Rev. Code §5705.10(C)** states, in part, that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made.

The Township posted \$17,726 of Fire District fund rollback & homestead receipts to the Motor Vehicle License fund in 2014. The Township has agreed to, and corrected this error in the accounting ledgers.

We recommend the Township closely monitor the posting of revenue derived for a particular purpose to ensure the revenue is paid into the special revenue fund for such purpose.

### **Property Taxes and Intergovernmental Cash Receipts (Continued)**

- c. We determined whether the receipts were recorded in the proper year. As previously noted in 3a, we found one receipt on the State DTL from 2015 in the amount of \$5,250 that was not recorded by the Township until 2016. We found no other exceptions.

### **Debt**

1. From the prior agreed-upon procedures documentation, we noted the following bonds outstanding as of December 31, 2013. These amounts agreed to the Township's January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
2005 Fire Station USDA Bonds	\$1,239,800
2010 Fire Truck Bond	\$73,709
2012 Fire Tractor Bond	\$43,655

2. We inquired of management, and scanned the Receipt Register Report 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.
3. We obtained a summary of bonded debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to debt service payments from the Fire Station Debt Service, Fire District, and Road District funds reported in the Payment Register Detail Report. We noted the Township did not have amortization schedules for the 2005 Fire Station USDA Bonds and the 2010 Fire Truck Bond. The Township made payments based on annual invoices from the USDA and First Knox Bank. We recommend the fiscal officer obtain amortization schedules for all outstanding debt. We also compared the date the debt service payments were due to the date the Township made the payments. We noted 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 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 determined whether the fund and account code(s) 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. 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
  - f. Any other deduction authorizations (deferred compensation, etc.)

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

<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 (and social security, for employees not enrolled in pension system)	January 15, 2016	January 12, 2016	\$1,368.4	\$1,368.4
State income taxes	February 1, 2016	January 11, 2016	\$251.00	\$251.00
Bellville local taxes	February 1, 2016	December 31, 2015	\$89.77	\$89.77
School District taxes	February 1, 2016	January 11, 2016	\$134.57	\$134.57
OPERS retirement	February 1, 2016	December 31, 2015	\$3,229.50	\$3,229.50

4. For the pay periods ended May 22, 2014 and January 24, 2015, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General, Road and Bridge, and Fire District funds per the Wage Detail Report. 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. We found no exceptions.
6. 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 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, Road and Bridge fund, and Fire District funds for the years ended December 31, 2015 and 2014. The amounts agreed for 2014. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system for 2015. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$66,877, Road and Bridge fund of \$187,560, and Fire District fund of \$355,184 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$61,600 for the General fund, \$170,000 for the Road and Bridge fund, and \$286,000 for the Fire District fund. 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 and Bridge, and Fire District 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 and Bridge, and Fire District 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 and Bridge, and Fire District 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, Road and Bridge, and Fire District 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 \$3,000 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.

**Compliance – Budgetary (Continued)**

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 (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. 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 information for 2014 was filed timely. Financial information for 2015 was filed on March 3, 2016, which was not within the allotted timeframe.
2. We inquired of the fiscal officer and/or scanned 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. The fiscal officer obtained the required training.

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

September 23, 2016



# Dave Yost • Auditor of State

JEFFERSON TOWNSHIP

RICHLAND 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 18, 2016