



Dave Yost • Auditor of State

**SUNSBURY TOWNSHIP
MONROE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Sunbury Township
Monroe County
51757 Main Street
Jerusalem, Ohio 43747

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Sunbury Township, Monroe 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 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 Status 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 Status Report to the December 31, 2014 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, 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 institution. 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.

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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 §§ 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. 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 Detail Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 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 Detail Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Detail Report 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 Appropriation History Reports from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found the following exception. Ohio Rev. Code § 5705.10(D) provides, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. The Township posted homestead and rollback receipts entirely to the General Fund in 2015 and 2014. These homestead and rollback receipts should have been allocated to the funds as listed on the County Auditor Semi-Annual Apportionment of Taxes forms. This amounted to \$2,370 and \$2,322 that should have been posted to the Road and Bridge Fund in 2015 and 2014, respectively. The adjustments, with which management agrees, have been posted to the Township's accounting records. The Fiscal Officer should post homestead and rollback receipts in accordance with the Semi-Annual Apportionment of Taxes forms received from the County Auditor.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2015 and 10 over-the-counter cash receipts from the year ended 2014 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Revenue Ledger Report. The amounts agreed.
- b. Receipt was posted to the proper funds and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we noted the following note and lease 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:
Dump Truck Promissory Note	\$6,494
John Deere Grader Lease	\$3,431

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 note and lease debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to Debt Service Fund payments reported in the Payment Register Detail Report. We noted the John Deere Grader Lease payment was posted to Capital Outlay instead of the respective Principal and Interest expenditure line items. We also compared the date the debt service payments were due to the date the Township made the payments. The Boom Mower Promissory Note payment was due April 8, 2015 and the Township paid this debt on April 17, 2015.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Receipt Detail Report. We noted the Township did not record the Boom Mower Promissory Note proceeds in 2014 in the amount of \$40,000. The Boom Mower Promissory Note issued in 2014 in the amount of \$40,000 and the Dump Truck Promissory Note paid off in 2014 do not meet the criteria for any of the debt allowed in Ohio Rev. Code Chapter 133. The Ohio Rev. Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships. The Townships should consult with legal counsel when the Board of Trustees anticipates incurring future debt.
5. For new debt issued during 2015 and 2014, we inspected the debt legislation noting the Township must use the proceeds to purchase a boom mower. We scanned the Payment Register Detail Report and noted the Township purchased a boom mower in April 2014; however, the Township did not record the capital outlay expenditure for the purchase of the boom mower.

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 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.

Payroll Cash Disbursements (Continued)

2. For any new employees selected in step 1 we determined whether the following information in the 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. Departments and funds 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.

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:

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)	1/31/16	1/11/16	\$702	\$702
State income taxes	1/15/16	1/10/16	\$360	\$360
OPERS retirement	1/30/16	1/10/16	\$1,833	\$1,833

4. For the pay periods ended September 3, 2015 and June 30, 2014, we recomputed the allocation of the Boards' salaries to the Gasoline Tax Fund per the Wage Detail Report. Ohio Rev. Code § 505.24 was amended by House Bill 153 to require certification of the amount of time spent in the General Fund and in various restricted funds by the Township Trustees. This certification is now the required method of documentation of time spent in these funds. The Auditor of State issued Bulletin 2011-007 on October 27, 2011 which explains these legislative changes and the impact.

During 2015 and 2014, the Trustees' annual salaries were paid eight percent from the General Fund and 92% from the Gasoline Tax Fund, Special Revenue Fund Type. However, the Township's monthly payroll certifications stated the Township was to allocate a percentage per month to the General Fund. Instead the Township allocated the total salary for the month of July 2015 and the month of April 2014 to the General Fund. The remaining months salaries were paid 100% from the Gasoline Tax Fund, Special Revenue Fund Type.

Officials are required to attend board meetings in order to conduct the regular business of the Township. Attendance at board meetings and other activities supporting the general business of the Township must be allocated to the General Fund per month; therefore, the allocation of 100 percent of an official's compensation to funds other than the General Fund per month is not permitted under Ohio law.

The Trustees should certify each fund to be charged based on their actual percentage of time spent during the pay period providing services related to that fund. In addition, the Township should follow the monthly payroll certifications on file and allocate salaries to the General Fund per month.

Payroll Cash Disbursements (Continued)

5. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. We noted the Boards' salary was paid 100% from the Gasoline Tax Fund, Special Revenue Fund Type and not in accordance with monthly supporting certifications. See Payroll Cash Disbursements – Step 4.
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 Ohio Rev. Code §§ 505.60 and 505.601 and federal regulations.

Non-Payroll Cash Disbursements

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 § 5705.41(D). We found two instances in 2015 and five instances in 2014 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. 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 § 5705.36(A)(1), to the amounts recorded in the Comparison of Budget and Appropriated Report for the General, Motor Vehicle License Tax and Road and Bridge Funds for the years ended December 31, 2015 and 2014. The amounts agreed.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Motor Vehicle License Tax and Road and Bridge 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 § 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Comparison of Budget and Appropriated Report for 2015 and 2014 for the following funds: General Fund, Motor Vehicle License Tax, and Road and Bridge Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Budget and Appropriated Report.
4. Ohio Rev. Code §§ 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 Tax and Road and Bridge 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 § 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, Motor Vehicle License Tax and Road and Bridge Funds, as recorded in the Comparison of Disbursements and Encumbrances with Expenditure Authority Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Detail 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 § 5705.09 would require the Township to establish a new fund.
7. We scanned the 2015 and 2014 Interfund Transfer Listing Reports for evidence of interfund transfers which Ohio Rev. Code §§ 5705.14 - .16 restrict. We noted the Township transferred \$788 from the Debt Service Fund to the Gasoline Tax Fund, Special Revenue Fund Type, in 2014. Ohio Rev. Code § 5705.16 does not permit this transfer without approval of the Tax Commissioner and the Court of Common Pleas. The Township did not obtain this approval. We therefore requested management to adjust this amount to the Debt Service Fund. We noted the Fiscal Officer adjusted this amount on the Township's books.
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 § 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 balances. Ohio Rev. Code § 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, 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 § 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

Ohio Rev. Code § 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. No exceptions noted.

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 "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2016

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SUNSBURY TOWNSHIP

MONROE 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, 2016**