



Dave Yost • Auditor of State





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

Taylor Creek Township  
Hardin County  
11694 County Road 190  
Kenton, Ohio 43326

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Taylor Creek 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

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 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 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 all reconciling debits (such as outstanding checks) from the December 31, 2015 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions, except we noted one debit transaction had not cleared per the January and February 2016 bank statements.
  - 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 Revenue Receipt Register Report. The amounts agreed for 2015. The 2014 1st half real estate settlement was recorded net of fees. This resulted in the understatement of the General fund receipts and disbursements by \$804.13, which includes \$179.81 that should have been allocated to the Fire District Fund.

Property tax receipts should be recorded at the gross amount with the related county auditor and treasurer fees, and any other deductions by the county auditor recorded as disbursements. The Fiscal Officer and Trustees should periodically review the Statements to assure accuracy in the accounting records and financial statements.

- 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. The second half 2015 and first and second half 2014 property tax receipts, in the amount of \$3,611.49 and \$9,700.99 (\$6,064.98 first half and \$3,636.01 second half), respectively, were not allocated to the Fire District Fund as was shown on the County Auditor's Statement of Semiannual Apportionment of Taxes (the Statement).

**Ohio Rev. Code § 5705.10(C)** states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. The County Auditor's Statement of Semiannual Apportionment of Taxes indicated that the 2015 second half property tax receipts in the amount of \$3,611.49 were to be allocated to the Fire District Fund. The Township allocated this amount to the General Fund. As a result, the General Fund received \$3,611.49 of receipts belonging to the Fire District Fund. The County Auditor's Statement of Semiannual Apportionment of Taxes indicated that the 2014 first and second half property tax receipts in the amount of \$9,700.99 (\$6,064.98 first half and \$3,636.01 second half) were to be allocated to the Fire District Fund. The Township allocated this amount to the General Fund. As a result the General Fund received \$9,700.99 of receipts belonging to the Fire District Fund.

The failure to allocate receipts to the correct fund may result in the illegal disbursement of restricted receipts.

The Township's accounting records have been adjusted to correctly allocate these receipts. The correction of these recording errors resulted in a decrease of the General Fund balance in the amount of \$ 13,312.48 with a corresponding increase to the Fire District Fund.

The Township should utilize the County Auditor's Statement of Semiannual Apportionment of Taxes when recording property tax receipts to help assure the correct allocation.

- 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 2015 and 2014. We noted the Revenue Receipt Register Report included the proper number of tax receipts for each year; however, the receipts in 2014 were posted solely to the General Fund. Approximately 22% of each receipt in 2014 should have been posted to the Fire District fund. The failure to allocate receipts to the correct fund may result in the illegal disbursement of restricted receipts. The Township should utilize the County Auditor's Statement of Semiannual Apportionment of Taxes when recordings property tax receipts to help assure the correct allocation.

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

3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2015 and all from 2014. We also selected five receipts from the County Auditor's Expenditure History by Vendor Report from 2015 and five from 2014.

- a. We compared the amount from the above reports to the amount recorded in the Revenue Receipt Register Report. In 2015, two receipts listed on the State Distribution Transaction List (DTL) were not recorded by the Township as result of not filing the proper paper work with the State of Ohio. Also, in 2015, one receipt was not recorded by the Township due to the fact that it was voided by the State of Ohio. In 2014, homestead and rollback receipts listed on the State Distribution Transaction List were recorded net of fees withheld by the State of Ohio.

The failure to file the proper paper work resulted in the Township not receiving receipts that may have material to the impacted funds. The failure to record fees withheld on homestead and rollback receipts resulted in the understatement of activity in the accounting records and financial statements.

Budget versus actual statements should be frequently monitored to help detected uncollected receipts in a timely manner. The estimated homestead and rollback receipts presented on the Statement of Semiannual Apportionment of Taxes (the Statement) should be compared to actual receipts received. The difference should be used to gross up the receipts and to record the related disbursements

- b. We determined whether these receipts were allocated to the proper funds. The first and second half 2014 homestead and rollback receipts, in the net amount of \$707.60 and \$708.09, respectively, were not allocated to the Fire District Fund as was shown on the County Auditor's Statement of Semiannual Apportionment of Taxes (the Statement).

**Ohio Rev. Code § 5705.10(C)** states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. The County Auditor's *Statement of Semiannual Apportionment of Taxes* indicated that the 2014 first and second half homestead and rollback receipts in the net amount of \$3,216.34 and \$3,218.61, respectively, were to be allocated 78%, or \$5,019.26, to the General Fund and 22%, or \$1,415.69, to the Fire District Fund. The Township allocated \$6,434.95, or 100%, to the General Fund. As a result the General Fund received \$1,415.69 of receipts belonging to the Fire District Fund.

The failure to allocate receipts to the correct fund may result in the illegal disbursement of restricted receipts.

The Township's accounting records have been adjusted to correctly allocate these receipts. The correction of these recording errors resulted in a decrease of the General Fund balance in the amount of \$1,415.69 with a corresponding increase to the Fire District Fund.

The Township should utilize the County Auditor's *Statement of Semiannual Apportionment of Taxes* when recording homestead and rollback receipts to help assure the correct allocation.

- c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2013.
2. We inquired of management, and scanned the Revenue 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. We noted no new debt issuances, or any debt payment activity during 2015 or 2014.

**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 found no exceptions.
  - b. We determined whether the fund and account code to which the check was posted were reasonable based on the employees' duties as documented in the minute record. 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:

<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, 2016	December 18, 2015	495.15	495.15
State income taxes	January 31, 2016	December 18, 2015	61.86	61.86
Local income tax (School District)	January 31, 2016	December 18, 2015	139.53	139.53
OPERS retirement	January 30, 2016	December 18, 2015	677.52	677.52

3. For the pay periods ended March 27, 2015 and August 28, 2014, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Fund per the Wage Base Detail Report. We found no exceptions.
4. 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 found no exceptions.
5. 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, Motor Vehicle License Tax and Gasoline Tax 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 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.
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, Motor Vehicle License Tax and Gasoline Tax. The Township uses the Appropriation Status Report as the appropriation resolution. Therefore, 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, Motor Vehicle License Tax and Gasoline Tax 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, Motor Vehicle License Tax and Gasoline Tax fund, 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 Revenue 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 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.

**Compliance – Budgetary (Continued)**

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**

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. 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 8, 2016



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**TAYLOR CREEK 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  
SEPTEMBER 6, 2016**