



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bath Township
Allen County
2880 Ada Road
Lima, Ohio 45801

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Bath Township, Allen County (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. 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 recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We attempted to agree the January 1, 2019 beginning fund balances recorded in the Fund Status Report to the December 31, 2018 balances in the prior year audited statements. We found no exceptions for the Agency Fund. The January 1, 2019 balance for the General Fund was overstated by \$6,000 and the balance for the Special Revenue was understated by \$6,000 due to an adjustment to correct the accounting records related to an adjustment from the 2016-2015 audit. We also agreed the January 1, 2020 beginning fund balances recorded in the Fund Status Report to the December 31, 2019 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, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the observed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:

Cash and Investments (Continued)

- 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, and determined the debits were dated prior to December 31. There were no exceptions.
6. We inspected investments held at December 31, 2020 and December 31, 2019 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 and Intergovernmental Cash Receipts

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the Allen County Auditor Vendor Invoice List for 2020 and a total of five from 2019:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions for 2020. The 2019 1st half real estate settlement included recording errors resulting in the Allen County Sheriff's Department Fund being understated by \$9,427 and the Bath Township Fire Department Fund being overstated by \$9,427.

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.

In 2019, property tax receipts associated with the policy levy, in the amount of \$9,427 were recorded in the Bath Township Fire Department Fund instead of the Allen County Sheriff's Department Fund.

The recording of restricted receipts in the wrong fund not only may result in the illegal expenditure of the restricted receipts but also may result in resources not being available to pay the obligations of the intended fund.

The Township should consider correcting this recording error.

The Fiscal Officer and Trustees should monitor property tax receipts to ensure they are recorded in the correct fund.

- c. We inspected the Receipt Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2020 and 2019. The Receipt Detail Report included the proper number of tax receipts for each year.

Debt

1. From the prior audit documentation, we observed the following loans and leases were outstanding as of December 31, 2018. These amounts agreed to the Townships January 1, 2019 balances on the summary we used in procedure 3.

Debt (Continued)

Issue	Principal outstanding as of December 31, 2018:
OPWC – Fenway Drive	\$134,638
OPWC – Country Club Hills Phase II	\$120,518
2018 Dump Plow Truck	\$113,629
2017 Osage Ambulance	\$88,267

2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans and leases debt activity for 2020 and 2019 and attempted to agree principal and interest payments from the related debt amortization schedules to Gasoline Tax, Road and Bridge, and Bath Township Fire Department fund 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 three exceptions when agreeing the amounts to be paid from the amortization schedules to what was recorded in the Payment Register Detail Report. In 2020, the amortization schedule for the 2017 Osage Ambulance indicated that the principal amount to be paid was \$29,414 and the interest amount to be paid was \$1,809. The payments were recorded in the Payment Register Detail Report as a principal payment of \$29,000 and an interest payment of \$1,855. The remaining portion of the payment was recorded in the improper fund as operating supplies in the amount of \$368.

Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund is established.

During 2020, the Township paid \$368 of debt payments related to the 2017 Osage Ambulance from the Road and Bridge Fund, instead of the Bath Township Fire Department Fund.

The recording of disbursements in the wrong fund not only may result in the illegal expenditure of restricted money but also may result in resources not being available to pay the obligations of the fund.

The Township should consider correcting this recording error.

The Fiscal Officer and Trustees should monitor debt payments to ensure they are recorded in the correct fund.

In 2020, the amortization schedule for the 2018 Dump Plow Truck indicated that the principal amount to be paid was \$27,918 and the interest amount to be paid was \$2,937. The payments were recorded in the Payment Register Detail Report as a principal payment of \$27,000 and an interest payment of \$3,855. In 2019, the amortization schedule for the 2017 Osage Ambulance indicated that the principal amount to be paid was \$28,549 and the interest amount to be paid was \$2,674. The payments were recorded in the Payment Register Detail Report as a principal payment of \$29,000 and an interest payment of \$2,223. Principal and interest recording errors may result in the material misstatement of financial statements. The Fiscal Officer and Trustees should monitor debt payments to ensure they are correctly classified in the accounting records.

Debt (Continued)

Also, it was noted that the second payment in 2020 for OPWC #CM02F loan and OPWC #CM15M loan was deferred by the Ohio Public Works Commission.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 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 inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files and minute record or as required by statute. We found no exceptions.
 - c. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 to confirm 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 2020. We observed 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, 2021	December 31, 2020	\$5,776.58	\$5,776.58
State income taxes	January 15, 2021	December 31, 2020	\$2,696.60	\$2,696.60
Lima City Income Tax	January 31, 2021	January 26, 2021	\$47.97	\$47.97
OPERS retirement	January 30, 2021	January 20, 2021	\$6,337.29	\$6,337.29
OP&F retirement	January 31, 2021	December 31, 2020	\$19,284.60	\$19,284.60

3. We compared total gross pay for the fiscal officer and each board member for 2020 and 2019 to the compensation permitted by Ohio Revised Code Sections 507.09 and 505.24, respectively. We found no exceptions.
4. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2020 and 2019 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.
5. We inspected the appropriation ledger and meeting minutes to determine the Township properly credited the paid leave costs against the tax obligations and / or deferred the tax obligations to future periods. We found no exceptions.

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions, except check #645-2019 issued in 2019 included a late charge of \$39 and a finance charge of \$10.90 and check #195-2020 issued in 2020 included a finance charge of \$77.48. The payment of late charges and finance charges is not an efficient use of financial resources. In some situations, findings for recovery can be issued against those incurring and those authorizing the payment of late charges or finance charges. The Trustees should perform a periodic review of invoices to verify payment is made in a timely manner.
 - 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. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General, Bath Township Fire Department and Road and Bridge funds. There were no funds for which expenditures exceeded appropriations.
2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 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. No funds had a negative cash fund balances.

Sunshine Law Compliance

1. We obtained and inspected the Township's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We selected five public records requests from the engagement period and inspected each request to determine the following:
 - a. The Township was compliant and responded to the request in accordance with their adopted policy as required by Ohio Rev. Code § 149.43(B)(1). We found no exceptions.
 - b. The Township did not have any denied public records requests during the engagement period.
 - c. The Township did not have any public records requests with redactions during the engagement period.

Sunshine Law Compliance (Continued)

3. We inquired whether the Township had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the Township's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the Township's poster describing their Public Records Policy was displayed conspicuously in all branches of the Township as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We attempted to inspect individual training certificates and determine whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). Public records training was not attended by each of the elected officials.

Ohio Rev. Code § 109.43(B), requires all elected officials or their designees to attend three hours of public records training approved by the Attorney General for every term of office.

One Trustee whose term expired December 31, 2019 did not obtain records training during the term of office or have a designee attend the training. This Trustee and remaining Trustees and the Fiscal Officer have not attended training during their current terms of office.

The lack of public records training may result in the Officials or others employed by the Township making errors when it comes to maintaining public records and responding to requests for public records.

A reminder system should be implemented by the Township to ensure all elected officials or their designee attends the required records training during each term of office.

9. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.

HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance

1. We inquired of management and those charged with governance and documented how the Township decided to spend their CRF allocations and how the Township evaluated and documented their compliance with the CARES Act three-prong test. We then selected five payroll, non-payroll, and subgrant/subloan transactions. and determined the Township:
 - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
 - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We inquired with management and inspected the Appropriation Status Report to determine the local government did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. We inspected 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. Fiscal Officer obtained the required training.
3. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list of authorized users, and
 - a list of all credit card account transactions.
 - a. We inspected the established policy obtained above and determined it is:
 - i. not in compliance with the HB 312 statutory requirements, and
 - ii. is implemented by the entity.

We noted that the established policy is not in compliance with all of the HB 312 statutory requirements.

Ohio Rev. Code § 505.64, requires, in part, a township credit card policy to include provisions that address the following:

- The procedure for submitting itemized receipts to the fiscal officer or the fiscal officer's designee;
- The procedure for credit card issuance, credit card reissuance, credit card cancellation and the process for reporting lost or stolen credit cards;
- The political subdivision's credit card account's maximum credit limit or limits; and
- The actions or omissions by an officer or employee that qualify as misuse of a credit card account.

The Township's credit card policy did not address the provisions listed above.

Other Compliance (Continued)

In addition the provision requiring the identification of the authorized uses of the credit card(s) lists the position of clerk.

The failure to include all required provisions and to accurately reflect the authorized users weakens the accountability over credit card transactions.

The credit card policy should be updated to include all required provisions and to update the listing of authorized users.

- b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.

We found no exceptions, except check #645-2019 issued in 2019 included a late charge of \$39 and a finance charge of \$10.90 and check #195-2020 issued in 2020 included a finance charge of \$77.48. The payment of late charges and finance charges is not an efficient use of financial resources. In some situations, findings for recovery can be issued against those incurring and those authorizing the payment of late charges or finance charges.

The Trustees should perform a periodic review of invoices to verify payment is made in a timely manner.

- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.

We found no exceptions.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 13, 2021

OHIO AUDITOR OF STATE KEITH FABER



BATH TOWNSHIP

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 5/11/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov