



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Richland Township
Allen County
8435 N. Dixie Hwy.
Bluffton, Ohio 45817

We have performed the procedures enumerated below on Richland Township's (the Township) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2021 and 2020 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, 2021 and 2020 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township.

The Board of Trustees and the management of the Township have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2021 and 2020, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash

1. We recalculated the December 31, 2021 and December 31, 2020 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2020 beginning fund balances for each opinion unit recorded in the Fund Ledger Report to the December 31, 2019 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2021 beginning fund balances for each fund recorded in the Fund Ledger Report to the December 31, 2020 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the 2021 and 2020 Bank Reconciliation adjusted UAN Balances and Adjusted Bank Balances as of December 31, 2021 and 2020 to the total fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.

Cash (Continued)

4. We confirmed the December 31, 2021 bank account balances with the Township's financial institutions. We noted that \$47.60 interest earned in 2021 was not recorded in the Uniform Accounting Network (UAN) system.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2021 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We identified \$2,927.53 in outstanding checks and \$7,148.17 in outstanding electronic funds transfer (EFT) payments that did not have support. The Fiscal Officer cleared these debits from the accounting system during the current AUP engagement and then prepared a new reconciliation. 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. We found no exceptions.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2021 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We identified outstanding electronic funds transfer (EFT) credits in the amount of \$4,396.85 that were duplicate receipt postings and \$4,725 in reconciling credits that were checks from a vendor that were not cashed but were posted as receipts. The Fiscal Officer cleared all the duplicate outstanding credits and received a new check from the vendor during the current AUP engagement and then prepared a new reconciliation. We found no exceptions.
 - b. We agreed the credit amounts to the Receipts Register and determined they were dated prior to December 31. We found no exceptions.
7. We inspected the Fund Status Report to determine whether the Findings for Adjustment identified in the prior audit report, due from the General, Motor Vehicle License Tax, and Road and Bridge funds, payable to the Motor Vehicle License Tax, Gasoline Tax, and Special Levy Fire fund, respectively, were properly posted to the ledgers and reflected in the fund balances in Procedure 2. We found 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 Vendor Invoice List Report for 2021 and a total of five from 2020:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Register Report. We identified two receipts from the DTL in 2020 in the amount of \$531.96 and \$219.80, that could not be found recorded in the Receipt Register Report.
 - b. We inspected the Receipt Register Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. See exception in #a. above
 - c. We inspected the Receipt Register Report to determine whether the receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2021 and 2020. The Receipt Register Report included the proper number of tax receipts for each year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2019.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2021 or 2020 or debt payment activity during 2021 or 2020. There were no new debt issuances, nor any debt payment activity during 2021 or 2020.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2021 and one payroll check for five employees from 2020 from the Employee Detail Adjustment 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).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, and State income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check. 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/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, 2021 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 2021. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2022	December 21, 2021	\$854.54	\$21,235.16
OPERS retirement	January 30, 2022	March 10, 2022	\$2,060.43	\$2,060.43

The amount paid for Federal income taxes and Medicare included \$20,380.62 that the Fiscal Officer believed was owed to the Internal Revenue Service (IRS) for prior year withholdings, however, no evidence of this obligation was provided by the Fiscal Officer. We will refer this matter to the Internal Revenue Service.

As of the date of this report, the Township has not paid State income taxes or school district income taxes, as required by Ohio Rev. Code § 5747.07, of \$1,768.77 and \$531.06, respectively in 2021, and \$1,751.67 and \$539.48, respectively in 2020. **Ohio Rev. Code § 5747.07** requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code § 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year. The Fiscal Officer did withhold the required state payroll taxes for both 2020 and/ 2021; however, there is no evidence she paid the taxes in 2020 and 2021 in accordance with the applicable schedule prescribed by Ohio Rev. Code § 5747.07 or submitted the annual reports to the tax commissioner and/or relevant employee(s) by the required date. We will refer this matter to the Ohio Department of Taxation.

The Ohio Public Employees Retirement System (OPERS) payment owed by January 30, 2022 was remitted late.

Payroll Cash Disbursements (Continued)

3. For the pay periods ended June 30, 2021 and February 29, 2020, we
 - a. Recomputed the allocation of the Fiscal Officer's salary amounts to the General, Fire Protection & EMS and Special Levy Fire Fund per the Wage Detail Report.
 - b. Traced the Fiscal Officer's pay for time or services performed to supporting certifications the Revised Code requires. We noted that for 2021 the Fiscal Officer did not have time certificates for her allocations to the General Fund, Fire Protection & EMS Fund and Special Levy Fire Fund.

Ohio Rev. Code Section 507.09(D) states a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

In 2021, the Fiscal Officer's salary and employer share withholdings was allocated to the General Fund, Fire Protection & EMS Fund, and Special Levy Fire Fund, however, no certification specifying the percentage of time spent working on each fund was documented. The amounts allocated to the Fire Protection & EMS Fund was \$7,570 and to the Special Levy Fire Fund was \$474. In addition, health insurance reimbursements in the amount of \$2,136 were allocated to the Fire Protection & EMS Fund. The accounting records have been adjusted to record these payments in the General Fund.

4. We compared total gross pay for the fiscal officer and each board member for 2021 and 2020 to the compensation permitted by Ohio Revised Code §§ 507.09 and 505.24, respectively. We found no exceptions.
5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2021 and 2020 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, 505.601, 505.602 and 505.603 and federal regulations.

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2021 and 10 from the year ended 2020 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 identified one disbursement in 2021 for \$269.76 to American Electric Power did not have a supporting invoice.
 - 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.

Non-Payroll Cash Disbursements (Continued)

- 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 seven instances in 2021 and six instances in 2020 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 inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2021 and 2020 for the General, Cemetery, and Special Levy Fire funds as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.
2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2021 and 2020 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. 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 inquired with Township management and determined that the Township did not have any completed public records requests during the engagement period.
3. We inquired with Township management and determined that the Township did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). **Ohio Rev. Code § 149.43(B)(2)** requires "a public office to have available a copy of its current records retention schedule at a location readily available to the public." The Township did not have a records retention schedule.
4. We inquired with Township management and determined that the Township did have a public records policy during the engagement period however there was no written evidence it was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). **Ohio Rev. Code § 149.43(E)(2)** states, in part, that all public offices "shall adopt a public records policy in compliance with this section for responding to public records requests. The public office shall distribute the public records policy adopted by the public office under this division to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy. The Township's public records policy did not identify the records custodian or records manager or otherwise that has custody of the records.

Sunshine Law Compliance (Continued)

5. We inquired with Township management and determined that the Township did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
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 inspected individual proof of attendance and determined 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). We found no exceptions.
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.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.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 documented their compliance with the CARES Act three-prong test. We then selected five transactions, of which all transactions made by the Township were non-payroll, and determined the Township:
 - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements [*i.e. Cares Act three-prong test and in accordance with those charged with governance documented use*] and
 - b. Maintained appropriate supporting documentation.We found no exceptions.

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

2. We inquired with management and inspected the Appropriation Ledgers Report to determine the local government did not have an unencumbered balance of money to pay back to the county treasurer. We noted a balance of \$46,121.43 in the Coronavirus Relief Fund as of December 31, 2021. Three disbursements in the amount of \$46,121.43 were incorrectly recorded in the Special Levy Fire Fund. Adjustments were made to the accounting records in 2022 to record these disbursements in the Coronavirus Relief Fund.

Other Compliance

1. Ohio Rev. Code § 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, 2021 and 2020 in the Hinkle system. Financial information was filed on March 8, 2022 for 2021 and March 3, 2022 for 2020, which was not within the allotted timeframe.
2. We inquired of the Fiscal Officer and 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 §§ 507.12 and 733.81. Fiscal Officer obtained 6 of the required 12 hours of training.

We were engaged by the Township to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the Township and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2022

OHIO AUDITOR OF STATE KEITH FABER



RICHLAND 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 1/3/2023

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