



Dave Yost
Auditor of State



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Township Audit Update LGOC Spring 2011

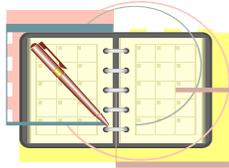
Presented by: Joey Jones, CPA

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Agenda

- 2010 AOS Bulletins
- AUP Criteria
- F/S Filing Requirement
- Fund Approval
- Research Tips
- Questions



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AOS Bulletins

- 2010-001 County auditor liability
- 2010-002 Estimating historical cost of capital assets using CPI
- 2010-003 TIF



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2010-003 TIF

- How a typical TIF operates under Ohio law
- Funds Ohio law may require to account for TIF service payments and TIF activity
- Acceptable accounting and financial reporting for cash, budgetary, and GAAP bases



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TIF Overview

- TIF locks in value
- Service payments collected
 - Same amount and manner as property tax
 - Used to build infrastructure
 - May pay debt
 - Pay other governments



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Summary of Ohio Rev. Code sections referenced in this Bulletin
(This is not a comprehensive list of ORC TIF requirements)

Requirement	Municipality	Township	County
Declare parcels in an area to be a TIF district, exempt from taxes on improvements.	5709.40(C) 5709.41(C)	5709.73(C)	5709.78(B)
Assess service payments.	5709.42	5709.74	5709.79
Negotiate compensation with school districts or other governments.	5709.40(D), (E) 5709.41(C)	5709.73(D), (E)	5709.78(C), (D)
Establish a <i>tax-equivalent fund</i> to receipt service payments. Generally use the service payments for infrastructure, <i>certain</i> debt service and compensation payments.	5709.43	5709.75	5709.80
Service payment liens attach similarly to real property liens.	5709.91	5709.91	5709.91



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TIF Cash Basis



Record when received or paid in cash

- Receipts-service and compensation
- Disbursement-construction, debt service, compensation payment made
- Other financing sources-debt proceeds



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TIF Caution areas

- Activity not recorded/cash with trustee
- TIF agreements are unique
- Legal counsel
- Unbudgeted activity



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Agreed-Upon Procedures (AUP)

- Client continue to file f/s with AOS each year
- Eligibility checklist attached to Bulletin
- IPA or AOS region completes checklist
- Results indicate a reduction fees



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AUP Checklist

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- Disbursement amounts < \$1 million each year
- Stability of Fiscal Officer
- No higher risks noted in prior audit
- Other factors increasing risk
- Is the client required to have an audit



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What does AUP entail

- Test fewer transactions
 - Receipts and disbursements
 - Legal compliance
- No opinion over financials
- Auditor must complete checklist
- Any exception over \$10 reported



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AUP Waivers

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- Expenditures for one year exceeded \$1 million because of one large purchase
- Not certifying purchase orders was also listed also as a material weakness
- IPA submits to region and region evaluates and if necessary forwards to Columbus



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Financial Statement Filing Requirements

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- AOS Bulletin 2008-001
- Filing requirements, extensions and unauditible declarations
- Amplify and update guidance
 - Filing requirements (Bulletin 2001-012),
 - Extension requests and unauditible declarations (Bulletin 97-015)
 - Incomplete filings (Bulletin 2006-02)



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Complete Filing

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- GAAP
 - BFS –GWFS, Fund f/s, Notes
 - RSI- MD&A and other RSI
- OCBOA
 - GWFS and Fund f/s
 - Encouraged to submit notes and MD&A
- Regulatory
 - Prescribed by the form
 - UAN-follow UAN guidelines
 - If no form provided then file same format as provided to legislative authority (audit report format)



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Request for New Funds

- AOS Bulletin 1999-006
- ORC 5705.12
- Request unnecessary
 - Authorized or required by statute
 - ORC 505.84 for EMS charges or ORC 5709.75 for a TIF fund



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Request for New Funds

- Request is Necessary
 - Capture information about a specific source of revenue or a specific activity
 - Account for restricted gifts or bequests that will not be held in trust;
 - Impose internal restrictions on the use of otherwise unrestricted resources



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Request for New Funds

- Two basic guidelines to approve
 - Provide additional relevant financial information which is not currently obtainable using the current fund structure
 - Demonstrate compliance with legal or contractual restrictions



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Request for New Funds

- Complete form attached to bulletin
- Send copy of resolution or ordinance
- LGS-88 East Broad
- Request considered approved unless letter disapproves it
- GET APPROVAL FIRST



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OHIO COMPLIANCE SUPPLEMENT (OCS)

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- OCS includes certain laws and regulations which are considerable public interest, or are of the type auditors generally consider "direct and material"
- Not a comprehensive listing of applicable laws and regulations
- Designed to help auditors and public offices identify and familiarize themselves with certain laws and regulations which generally apply to local governments



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OCS

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- Auditors design their tests to reasonably assure detection of material misstatements resulting from:
 - violations of provisions of laws, regulations, contracts, or grant agreements that directly and materially affect the determination of financial statement amounts
- Management is responsible for complying with applicable laws and regulations



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The screenshot shows the Ohio Auditor of State website's 'AOS Publications' page. A red arrow points to the 'Ohio Compliance Supplement Manual' (Revised 9/2010) under the 'Manuals and Reports' section. Other publications listed include 'Audit Compendium Toolkit (ATK)', 'Introduction to Fiscal Emergencies', 'Introduction to School District Fiscal Emergencies', 'County Board of Developmental Disabilities Manual', 'Guidelines for Departmental Policies for Student Activity Programs', 'Ohio Association of County Behavioral Health Authorities Behavioral Health Data Book', 'Ohio County Insurance Manual', 'Ohio Statewide Manual', 'Ohio Executive Handbook', 'Ohio Healthcare Laws 2010', 'Ohio Open Government Resource Manual', 'School District Self Assessment Guide', 'Uniform System of Accounting for Agricultural Activities', and 'Mississippi Officers Handbook'.



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Monthly Newsletter

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- Published for fiscal officer
- Includes announcements from the OTA
 - Conference and seminar updates
 - Membership deadlines,
 - Educational opportunities through state affiliated organizations, such as the Ohio Local Technical Assistance Program (LTAP), Ohio Department of Transportation (ODOT) and Ohio Bureau of Workers' Compensation (OBWC).
- Recently began e-mailing the newsletter to elected officials
- Township compensation charts in the December issue



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Compensation

- Annual Budget-cert of est resources
- Budget change-constitutional
 - Predetermined schedule
- Change takes place from the date of amended certificate forward



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County resources

- Counties provide helpful resources
 - Calendar of filing dates
 - Township contact info and meeting dates
 - Educational resources
 - Training



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County resources

- Delaware County Prosecutor
- Not legal advice
- Information with ORC references
 - Noise abatement, junk vehicles, zoning, public records, zoning board, zoning commission, zoning inspector, fiscal officer, trustees
- Sample resolutions/forms
 - Public records, noise abatement, DMA





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Financial Audit Group Offices

Akron/Canton	800-443-9272	
Athens	800-441-1389	
Cincinnati	800-368-7419	
Cleveland	800-626-2297	
Columbus/State	800-443-9275	
Dayton	800-443-9274	
Toledo	800-443-9276	
Youngstown	800-443-9271	



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Questions?





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Dave Yost

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Audit Division

Canton Region

101 Central Plaza South
700 Chase Tower
Canton Ohio, 44702

Joey Jones, CPA

Presenter Phone: (800) 443-9272
E-mail: jjones@auditor.state.oh.us



Ohio Auditor of State
Dave Yost

www.auditor.state.oh.us



Dave Yost
Auditor of State

88 East Broad Street
Columbus, Ohio 43215

Phone: (800) 282-0370 Fax: (614) 466-4490
E-mail: contactus@auditor.state.oh.us

www.auditor.state.oh.us
