



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ross Township
Jefferson County
3112 County Road 54
Richmond, OH 43944

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Ross 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, 2013 and 2012, 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, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Status Report to the December 31, 2011 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Status Report to the December 31, 2012 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, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2013 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, 2013 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2013 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.

Cash – (Continued)

- 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.
- 6. We inspected the Fund Status Report to determine whether the Finding For Adjustment identified in the prior agreed-upon procedures report, where the General Fund beginning balance was \$80 less than the prior year audited balance and the Investment Trust Fund beginning balance was \$80 more than the prior year audited balance had been properly posted to the report. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

- 1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2013 and one from 2012:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - 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. 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 Register Report to determine whether it included two real estate tax receipts for 2013 and 2012. We noted the Receipts Register Report included the proper number of tax receipts for each year.
- 3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2013 and all from 2012. We also selected five receipts from the County Auditor's DTLs from 2013 and five from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior agreed-upon procedures documentation, we noted the following loan outstanding as of December 31, 2011. These amounts agreed to the Townships January 1, 2012 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2011:
Truck Loan	\$44,525.63

- 2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted did not agree to the summary we used in step 3.

Debt – (Continued)

3. We obtained a summary of loan and lease debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedule to debt service 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 that payments were not properly posted. All debt amounts were posted as capital outlay not principal and interest payments in accordance with the amortization schedules.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Gasoline Tax fund per the Receipt Register Report. The Township did not record the proceeds for new lease agreement entered into in 2013. Payments will begin in 2014.
5. For new debt issued during 2013, we inspected the lease agreement, noting the Township entered into a lease agreement to purchase a truck. We scanned the Payment Register Detail Report and did not note memo expenditure for the purchase of the truck in 2013.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from Payroll Ledgers and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledgers to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one exception.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. 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 the Township did not maintain prescribed certification forms or equivalent time records supporting the allocation of Trustees' salaries. As a result, Township Trustees salaries recorded in the Gasoline Tax Fund in 2012 and 2013 totaling \$33,960 should have been recorded in the General Fund. See step 3 below for more detail.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 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 2013. 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)	January 31, 2014	December 19, 2013	\$457.11	\$457.11
State income taxes	January 15, 2014	December 17, 2013	\$148.03	\$148.03
OPERS retirement	January 30, 2014	December 19, 2013	\$1,085.07	\$1,085.07

Payroll Cash Disbursements – (Continued)

3. For the pay periods ended March 25, 2013 and August 27, 2012 we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Fund per the Payroll ledgers. We found there were no certifications or equivalent time records supporting the allocation of the Board's salaries to the Gasoline Tax Fund. Based on these results, we also inquired about certifications or equivalent time records supporting the allocations for 2012 and 2013.

In 2013 and 2012 we noted the Township had approved a Resolution stating that the Trustees will be 75% from Gasoline Tax Fund (8 pays) and 25% from General Fund (4 pays) each year. However, the Township did not maintain prescribed certification forms or equivalent time records. Per Ohio Revised Code § 505.24 (C), if trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. We found:

- Trustee Charles Henry was paid from the gas tax fund in 2013 and 2012 \$5,660 and \$5,660 respectively.
- Trustee David Ramsey was paid from the gas tax fund in 2013 and 2012 \$5,660 and \$5,660 respectively.
- Trustee Phillip Jordan was paid from the gas tax fund in 2013 and 2012 \$5,660 and \$5,660 respectively.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 505.24(C) a Finding for Adjustment is made in favor of the Gas Tax Fund in the amount of \$33,960.

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 that Trustees were not maintaining signed prescribed certification or equivalent documentation for each pay period. Step 3 above includes a Finding for Adjustment based on the lack of required documentation.
5. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended 2012 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 three instances 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 Section 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 Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2013 and 2012. The amounts agreed.
2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Gasoline 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 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 2013 and 2012 for the following funds: General, Gasoline Tax and Road and Bridge. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report in General and Road and Bridge funds in 2012 or the General and Gasoline Tax funds in 2013. In 2012, the appropriation resolution amounts were \$44,382 and \$56,417 respectively. The Appropriation Status Report reflected \$51,710 and \$58,389. In 2013, the appropriation resolution reflected \$31,198 and \$196,776 respectively. The Appropriation Status report reflected \$439,936 and \$214,776. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved by the Board to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
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, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2013 and 2012. We noted no funds for which appropriations exceeded certified resources.

Non-Payroll Cash Disbursements – (Continued)

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, 2013 and 2012 for the General, Gasoline Tax and Road and Bridge 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 Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. 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 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$2,000 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.
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, 2013 and 2012 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, 2013 and 2012 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.

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 initial "D" and a long, sweeping tail.

Dave Yost
Auditor of State

Columbus, Ohio

September 23, 2014

This page intentionally left blank.



Dave Yost • Auditor of State

ROSS TOWNSHIP

JEFFERSON 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
NOVEMBER 6, 2014**