



OHIO AUDITOR OF STATE
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

New Jasper Township
Greene County
3121 Jasper Road
Xenia, Ohio 45385

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of New Jasper Township (the Township) on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2018 and 2017 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, 2018 and 2017 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

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Status Report to the December 31, 2016 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, 2018 beginning fund balances recorded in the Fund Status Report to the December 31, 2017 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, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - 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, to determine the debits were dated prior to December 31. There were no exceptions.

Cash (Continued)

6. We traced interbank account transfers occurring in December of 2018 and 2017 to the accounting records and bank statements to determine if they were properly recorded. We found 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 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to confirm 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 inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Register Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Detail Expense Report from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed except for one receipt in 2018 and one receipt in 2017. A 2017 liquor permit payment in the amount of \$44 and a 2018 liquor permit payment in the amount of \$162 reported on the State DTL were not recorded by the Township. We determined that these payments were voided by the State due to not being deposited by the Township in a timely manner. Failure to deposit all receipts in a timely manner could lead to loss of revenue for the Township. The Township should deposit all receipts in a timely. Additionally, the Township should contact the State to have these two checks reissued to the Township.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We found no exceptions except for identified above in 3a.
 - c. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions except for identified above in 3a. However, although the receipts were recorded to the proper year, we identified that the actual receipt posted date was typically several months prior to the transaction date (when the transaction was actually entered into the accounting system) for all County receipts tested. In some instances, the transaction date was in the subsequent year. It appears as if these receipts were back-dated to the correct year or approximately when the receipt should have been recorded in the accounting system. Failure to record all receipt transactions approximately when they occur could lead to reconciling problems, material financial statement errors, and errors and/or irregularities not being detected in a timely manner. This could also lead to issues in knowing what actual fund balances are at any given time and with the related management decisions that are made. The Township should implement procedures to verify that all receipts are entered into the accounting system in a timely manner.

Debt

1. From the prior agreed-upon procedures documentation and applicable amortization schedules, we observed the following loan and lease was outstanding as of December 31, 2016. These amounts agreed to the Township's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
Fire Truck Lease	\$221,671
Ohio MARCS System Loan	\$35,889

2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans and leases debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to the Fire District and Road and Bridge funds 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 identified that the Township did not pay the following quarterly payments to Beaver Creek Township for the amount due related to the Ohio MARCS system in the individual payment amount of \$1,055.56 that was due on the following dates during the engagement period: December 31, 2017, March 30, 2018, June 30, 2018, September 30, 2018, and December 31, 2018. Additionally, the payment that was made in 2017 was not made by the required due date. Failure to pay all debt obligations in accordance with the established repayment schedule could lead to interest and fees being charged to the Township. The Township should implement procedures to verify that all debt-related payments are paid prior to the required due date. In addition, the Township should contact Beaver Creek Township to become current on the outstanding MARCS system obligation.
4. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a tractor. We inspected the Payments Register Detail Report and observed the Township purchased a tractor during March 2018.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 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 reasonable based on the employees' duties as documented in the employees' personnel files and as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. For any new employees selected in procedure 1 we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding.

We identified two exceptions related to procedures a. – e. above. We identified one newly-hired employee that was required to be a member of the Ohio Public Employees Retirement System (OPERS), but instead had withholdings for social security. Failure to withhold and remit OPERS from the pay of all required public employees could lead to the assessment of additional fees and charges against the Township and the Township being responsible for the employee and employer share of the applicable amount due to OPERS. The Township should implement procedures to verify that proper withholding and remittance of retirement to the proper system occurs for all employees. We will refer this matter to OPERS.

In addition, we identified that the OPERS enrollment form was not maintained for another newly-hired employee. The payroll register did report appropriate retirement withholdings for this employee. The Township should implement procedures to maintain all documentation to support deductions withheld.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 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 2018. 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, 2019	January 14, 2019	\$2,884.92	\$2,884.92
State income taxes	January 15, 2019	January 13, 2019	\$545.45	\$545.45
OPERS retirement	January 30, 2019	January 29, 2019	\$1,184.86	\$1,184.86
OP&F retirement	January 31, 2019	January 29, 2019	\$1,786.38	\$1,786.38

4. We selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Wage Detail Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Township's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Payroll Cash Disbursements (Continued)

5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

Non-Payroll Cash Disbursements

We selected a sample (agreed upon) of 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:

- a. The disbursements were for a proper public purpose. We found one payment for a returned item bank fee in the amount of \$15 that is not for a proper public purpose. The Township deposited a check that had been voided because it was stale dated. This resulted in the fee assessed by the Township's bank. Failure to deposit all receipts in a timely manner could result in fees assessed against the Township. The Township should implement procedures to verify that all receipts are deposited 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. However, although the disbursements were recorded to the proper year and the posted date agreed to the electronic funds transfer date, we identified three 2018 payments and two 2017 payments in which the actual disbursement posted date was one to five months prior to the transaction date (when the transaction was actually entered into the accounting system) for items tested. In some instances, the transaction date was in the subsequent year. It appears as if these disbursements were back-dated to the correct year or approximately when the disbursement should have been recorded in the accounting system. Failure to record all disbursement transactions approximately when they occur could lead to reconciling problems, material financial statement errors, and errors and/or irregularities not being detected in a timely manner. This could also lead to issues in knowing what actual fund balances are at any given time and with the related management decisions that are made. The Township should implement procedures to verify that all disbursements are entered into the accounting system in a timely manner.
- 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, Road and Bridge, and Fire District funds for the years ended December 31, 2018 and 2017. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system, except for the General fund for 2018. The Revenue Status Report recorded budgeted (i.e. certified) resources for 2017 for the General, Road and Bridge, and Fire District funds of \$159,228, \$194,456, and \$284,000, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$162,228, \$200,456, and \$291,000, respectively. Similarly, the Revenue Status Report recorded budgeted resources for 2018 for the Road and Bridge and Fire District funds in the amounts of \$198,456 and \$304,000, respectively. The final *Amended Official Certificate of Estimated Resources* reflected \$200,456 and \$292,000, respectively.

Compliance – Budgetary (Continued)

The Township should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Road and Bridge, and Fire District 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 2018 and 2017 for the following funds: General, Road and Bridge, and Fire District. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the Fire District Fund for 2018. The total appropriations approved by the Trustees for the Fire District fund was \$383,300, while the Appropriation Status Report recorded appropriations of \$397,300. The Township should periodically compare amounts recorded in the Appropriation Status Report to approved appropriation amount 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, Road and Bridge, and Fire District funds for the years ended December 31, 2018 and 2017. There were 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, 2018 and 2017 for the General, Road and Bridge and Fire District funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the Appropriation Ledger Report for the Brown Cemetery Fund. Not more than 5% of non-spendable monies were released, spent, or otherwise modified during the engagement period.

Compliance – Budgetary (Continued)

9. We inspected the 2018 and 2017 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
10. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
11. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 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 balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 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 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, after the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. Financial information was filed on March 5, 2018 for the year ended December 31, 2017, and March 4, 2019 for the year ended December 31, 2018, which was not within the allotted timeframe.
2. We inquired of the fiscal officer to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer has 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

Other Compliance (Continued)

We selected 3 credit card transactions from 2018 and 3 from 2017 for testing. For selected transactions we inspected documentation to determine that each transaction was supported with original invoices and for a proper public purpose. We found no exceptions. However, we determined that the Township did not have an approved credit card policy. The Township should develop and approve a credit card policy to meet all requirements of HB 312. The Township should refer to HB 312 and Auditor of State Bulletin 2018-003 to develop a proper credit card policy. Failure to do so could result in unauthorized and improper use of credit cards.

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, 2018 and 2017, 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

August 14, 2019

OHIO AUDITOR OF STATE KEITH FABER



NEW JASPER TOWNSHIP

GREENE 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 17, 2019**