



Dave Yost • Auditor of State

**Scioto County
Scioto County, Ohio**

Report on Accounting Methods

Local Government Services Section

Scioto County – Scioto County

Report on Accounting Methods

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Certification

In compliance with the requirement set forth in Section 118.10(A) of the Ohio Revised Code, an assessment of the methods, accuracy, and legality of the accounts, records, files, and reports of Scioto County was conducted. This report on accounting methods states whether there are adequate controls in place to assure confidence in the records. The control deficiencies and instances of non-compliance with State statutes and the Ohio Administrative Code are identified throughout this report. Therefore, pursuant to Section 118.10 of the Ohio Revised Code, a "Report on Accounting Methods" is hereby submitted and certified to Sharon Hanrahan, Chairman of the Financial Planning and Supervision Commission of Scioto County, Chairman of the Board of County Commissioners, and County Auditor.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 9, 2013

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Purpose

As required by Section 118.10(A), Revised Code, the Auditor of State "...shall issue a preliminary report with respect to the method, accuracy and legality of the accounts, records, files and reports of the County. Such report shall state whether Chapter 117 of the Revised Code and the requirements of the office of the Auditor of State have been compiled with..."

Accordingly, this report centers upon the following: (1) whether the current accounting system fulfills the needs of the County, and (2) whether the current accounting system is in compliance with Chapter 117 of the Revised Code and the requirements of the Auditor of State. Information for this report was obtained by interviewing County personnel and reviewing pertinent accounting, financial and budgetary records.

This report is intended solely for the use of the Financial Planning and Supervision Commission of Scioto County. We were not engaged to, nor did we perform an audit, the objective of which would be the expression of an opinion on specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

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Governance Overview

Scioto County (the “County”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The legislative authority is vested in a three-member Board of Commissioners (the “Board”).

The Board is elected at-large to serve four-year terms. The Board elects a Chairman to preside over meetings. The Board authorizes expenditures as well as serves as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

The County Auditor is an elected position and serves as the fiscal officer of the County for a four-year term. The County Auditor keeps statements of all moneys received and disbursed by the County and keeps records of all taxes and assessments. The County Auditor is responsible for the establishment of accounting procedures necessary to maintain accountability of financial resources and to comply with the State statute and administrative rules adopted by the Auditor of State.

On August 19, 2009, the County was declared in a state of fiscal emergency by the Auditor of State. As a result of the declaration, a Financial Planning and Supervision Commission (the “Commission”) was established under Section 118.05 of the Ohio Revised Code. The Commission membership is as follows:

1. The Director of the State office of Budget and Management or a designee;
2. The County Auditor or a designee;
3. The Chairman of the Board of County Commissioners or a designee;
4. The Treasurer of State or a designee; and
5. Three individuals appointed by the Governor with knowledge and experience in financial matters who also are residents of the County.

The powers, duties, and functions of the Commission include:

1. Review all tax budgets, tax levy ordinances, bond and note resolutions or ordinances, appropriation measures, and certificates of estimated resources to ensure they are consistent with the financial recovery plan;
2. Inspect and secure copies of pertinent documents of the County;
3. Inspect and secure copies of pertinent documents of the County or State agencies relating to the County;
4. Review, revise, and approve determinations and certifications affecting the County made by the County Budget Commission or the County Auditor;
5. Bring civil actions to enforce fiscal emergency provisions;
6. Approve the amount and purpose of any debt obligations;
7. Implement steps necessary to bring accounting records, accounting systems and financial procedures and reports into compliance with the rules established by the Auditor of State;
8. Make and enter into all contracts necessary or incidental to the performance of its duties;
9. Make recommendations for cost reductions or revenue increases to achieve a balanced budget; and,
10. Annually, before April 1, make a report and recommendations to the Speaker of the House of Representatives and President of the Senate on the progress of the County.

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Governance Overview

(Continued)

This Commission is required to adopt a financial recovery plan for the County within 120 days of its first meeting. The recovery plan was adopted by the Commission on April 13, 2010. By State statute, the County must operate within the provisions of the recovery plan.

The Commission will continue in existence until the Auditor of State, or the Commission itself, determines that:

1. An effective financial accounting and reporting system is in the process of being implemented, and is expected to be completed within two years;
2. All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred;
3. The objectives of the financial recovery plan are being met; and,
4. The Board of Commissioners has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "nonadverse".

Once these requirements are satisfied, the Commission will be terminated.

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Budgetary System

Description of an Effective Budgetary System

The legally adopted annual budget plays a unique and central role in determining the amount and type of financial resources that will be raised and how those financial resources will be spent. An annually, appropriated budget should be adopted by ordinance, for all funds other than agency funds, and the amounts appropriated for each fund should not exceed the estimated resources available for the year. The budget should present sufficient information to identify the major sources of revenues and the program, activities and major objects of expenditures. The process should encompass current operations and maintenance for the various county departments, programs offered to its residents, capital acquisition and replacement and debt retirement. The adopted budget should be integrated with the accounting system to ensure and demonstrate compliance with the budget and allow for ongoing and timely information on unrealized revenues and balances available for obligation.

Statutory Requirements

The budgetary process for the County is prescribed in Chapter 5705, Revised Code, and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance.

The Tax Budget – The Scioto County Budget Commission requires a tax budget containing levy information for all funds that receive property tax revenue to be submitted to the County Auditor as Secretary of the County Budget Commission, by July 20 of each year, for the succeeding year. The County Budget Commission examines the budget to ascertain that all tax levies of the County are properly authorized. The Budget Commission also revises and adjusts the estimated receipts for property taxes and local government fund allocations. On or about October 1, the County must authorize, by resolution, the necessary tax levies and certify them to the County Auditor.

Certificate of Estimated Resources – The County Budget Commission issues an official certificate of estimated resources on or about September 1, based on information provided in the tax budget and other information available to the County Budget Commission.

On or about January 1, the County Auditor certifies the actual year-end balances for all County funds to the County Budget Commission. Upon receipt of the information, the County Budget Commission issues an amended official certificate of estimated resources that includes the unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that the revenue to be collected by the County will be greater than or less than the amount included in the official certificate of estimated resources.

Appropriation Resolution – Section 5705.38, Revised Code, requires that on or about January 1, the annual appropriation resolution must be enacted by the Board. Prior to the passage of the annual appropriation measure, a temporary appropriation measure may be passed to meet the ordinary expenses of the County until April 1. The appropriation ordinance, by fund, must be within the estimated resources as certified by the County Budget Commission. Appropriation measures must be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services. Any revisions that alter the total of any fund appropriation or alter the levels adopted by the Board must be approved by the Board.

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Report on Accounting Methods

Budgetary System

(Continued)

Section 5705.39, Revised Code, requires that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure.

Encumbrances – As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of moneys are encumbered and recorded as the equivalent of disbursements in order to reserve that portion of the applicable appropriation and to maintain legal compliance with the adopted appropriations.

Administrative Code Requirements

Section 117-2-02(C)(1), Administrative Code, states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Section 117-5-02, Administrative Code, states that the county commissioners, or in counties that have adopted a charter pursuant to article X of the Ohio Constitution and Chapter 302. of the Revised Code the county council, shall adopt appropriation measures. These measures establish the legal level of control.

The legal level of control is the level (e.g., fund, program or function, department, object level) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates, and must meet or exceed the level prescribed by section 5705.38 of the Revised Code.

Methods Used by the County

Before the end of April, the Clerk of the County Commissioners sends a letter to all departments requesting each department's estimated budget for the next year. By the beginning of June, each department submits a request indicating, by line item, what the expected expenditures are for the next year. The departments also include personal service schedules within the budget requests submitted to the County Commissioners. The personal service schedules show the current rate of pay for each departmental employee and the amount expected to be paid to that employee in the next year. The proposed pay rates for the budget are estimated rates based on possible pay increases that have not necessarily been implemented at the time. For special revenue and capital projects funds, the departments must also submit the estimated revenues for each fund. The County Auditor provides the revenue estimates for the activity accounted for in the General Fund.

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Budgetary System

(Continued)

The revenue and expenditure estimates for all funds, submitted through the process detailed in the previous paragraph, are incorporated into the tax budget, which is prepared by the County Commissioners and is submitted to the County Auditor's Office. Prior to approval of the tax budget, a public hearing is scheduled and notice given to the public that the tax budget is on file in the County Auditor's Office and is available for public inspection. The 2012 tax budget was filed with the County Auditor's Office on 6/28/11 for public inspection. After the public hearing, a resolution is passed by the Board of Commissioners approving the tax budget. For the 2012 budget, the Commissioners passed the resolution on 7/12/11.

Once the tax budget has been approved by the Board of Commissioners, it is submitted to the County Budget Commission. The County's 2012 tax budget was submitted to the County Budget Commission on 7/12/11. The County Budget Commission holds hearings on tax budgets in August or early September. Upon holding a hearing for the County's tax budget, the County Auditor will prepare an Official Certificate of Estimated Resources based on the estimated revenues in the tax budget. The County Budget Commission will then certify these amounts and issue the certificate. This certificate serves as the basis for the preparation of the permanent appropriations. Sometime in September, the Board of Commissioners examines the tax rates that were approved by the County Budget Commission and passes a resolution to accept the rates. The Board of Commissioners passed the resolution accepting the 2012 tax rates on 9/13/11.

Sometime in early January, the County closes its accounting records for the prior year, in this instance 2011, the cash balances are reconciled to the depository, then the reconciled balances for each fund less outstanding encumbrances are submitted to the County Auditor. The County Auditor uses these ending unencumbered fund balances to combine with the Official Certificate of Estimated Resources to issue the County's first Permanent Amended Certificate of Estimated Resources for 2012.

Beginning in August after the Official Certificate of Estimated Resources has been issued, the appropriations for the next year are developed. The process begins with the Clerk of the County Commissioners developing a worksheet that contains the three previous years' actual financial information, the current actual amounts and the current year appropriations. From this information, the appropriations for the next year are estimated and compared to the Official Certificate. For special revenue funds, the amounts requested by the departments are typically adopted. The County Commissioners determine the amounts for the department line items within the General Fund. If any new information becomes available, the appropriations are adjusted. By the beginning of the next year, the appropriations are developed and passed as permanent. The 2012 appropriations passed by the Board of Commissioners on 12/22/11 were temporary appropriations. Permanent 2012 appropriations were passed by the Board on March 8, 2012. This was an unusual circumstance as the County's normal procedures are to pass permanent appropriations during December for the following year.

Throughout the year, amendments are made to the estimated revenue. For special revenue funds, amendments are usually requested as a result of a need for additional appropriations. Requests for amendments usually are made from the County Commissioners. Each request for an amendment is investigated by the County Auditor's Office to determine if it is necessary and appropriate based on actual and anticipated receipts. All amendments must be approved by at least two members of the three-member County Budget Commission.

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Budgetary System

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Amendments to the estimated revenue of the General Fund are handled differently. Although the County Commissioners may informally request that the County Auditor review the amended certificate to determine if an increase is appropriate, formal requests for amendments to General Fund estimated revenue are not common. The County Auditor's Office tracks the estimated and actual revenue throughout the year for each line item in the General Fund in a spreadsheet. If it becomes apparent that an increase or decrease in one or more line items is appropriate, the County Auditor's Office will prepare an amended certificate for the net amount of the increases/decreases, which is then approved by the County Budget Commission. The estimated revenue for individual revenue line items is then adjusted in the system as needed. This may be done at any time throughout the year; a request from the County Commissioners is not necessary. However, copies of all amendments are provided to the County Commissioners.

If it becomes obvious that actual revenue in any fund will be less than estimated revenue, an amended certificate may be prepared and approved by the County Budget Commission. A request from the County Commissioners and/or the department is not necessary. However, both the County Commissioners and the department are notified of the change. At the end of the year, a final amended certificate is prepared, and estimated revenue is reduced for any fund that received less revenue than estimated.

At the beginning of the year, the approved budgetary information is entered into the accounting system by the Deputy Auditor responsible for that task. Throughout the year, there are numerous changes to the budget. Changes can result from an increase in an amended certificate or from monitoring expenditures and realizing that actual expenditures could exceed appropriations. An elected official or department head may find that additional appropriations are necessary to cover expenditures. Two options are available: either requesting an increase in the amount of appropriations for the entire fund / department or moving appropriations within that fund / department from a line item with excess appropriations to a line item in which appropriations are insufficient to cover expenditures. These increase or move requests are recorded by the Clerk of the County Commissioners and are written up as an amendment and presented to the Commissioners during the next Commissioners meeting. When an amendment to the appropriations has been approved by the County Commissioners or an amendment to the amended certificate has been certified by the County Auditor, the Deputy Auditor enters the changes into the accounting system at that time.

The Deputy Auditor maintains an Excel spreadsheet which includes the beginning fund balances, prior year encumbrances, appropriations, and estimated revenues. The purpose of the spreadsheet is to track appropriations, estimated revenues, and amendments for each of the funds so that the Deputy Auditor can ensure that beginning budgetary amounts and all approved amendments have been properly entered into the accounting system. The Deputy Auditor enters appropriations and estimated revenue changes into the spreadsheet in the same cell as the original appropriations or estimated revenues. Only the total appropriations amendment is entered for each fund. Changes between line item accounts within the same fund are not tracked in the spreadsheet. When an amended certificate is requested, the spreadsheet is used as a tool to determine if an amendment is necessary and/or appropriate based upon the fund's actual and anticipated receipts.

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Budgetary System

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If changes to move appropriations between line items within a fund are sent to the County Auditor's Office, the Deputy Auditor checks the appropriations to ensure that such changes can be made before entering them into the system. If the line item from which appropriations are being moved contains fewer appropriations than the amount authorized by the change to be moved, the Deputy Auditor will return the request to the County Commissioners' Office. The appropriations change is rescinded by the County Commissioners and the request is sent back to the department initiating the request with a notice that the request could not be granted.

When appropriation increases are deemed necessary, departments will call the Deputy Auditor before making a request to amend appropriations to see if there are adequate resources. The Deputy Auditor will check the spreadsheet, as described above, to see if an amendment to the estimated resources is necessary. If an amendment is necessary, actual and anticipated receipts will be analyzed to determine the appropriate dollar amount of the amendment. This process may require additional information from the department to determine the source and amount of any additional estimated revenue that is not already reflected on the amended certificate. The department requesting the appropriation amendment will then note on the request whether or not an amended certificate is necessary.

Unless a department specifically notes on the amended appropriation request that an amended certificate is not needed, the Clerk of the County Commissioners automatically sends a request for an amended certificate to the County Auditor before approving the appropriations request.

The Deputy Auditor keeps amendment requests for appropriations that have been approved by the County Commissioners in a notebook. All of the additional appropriation requests to an account line item along with the original appropriations are in the book by fund and then by date of approval. All line item transfer requests are filed by date in a filing cabinet in the Deputy Auditor's Office.

The Deputy Auditor provides monthly budget reports to each department. These reports include budgetary and actual figures, as well as outstanding encumbrances, to enable the department heads to monitor budgetary activity. The Deputy Auditor also provides additional information if requested.

Auditor of State Comments

- The budget requests submitted by the departments accounted for in the General Fund often vary significantly from the original appropriations developed by the County Commissioners. The department heads should submit assumptions with their budget requests that support the amounts contained in the requests. These assumptions should be utilized by the County Commissioners in developing the budget. If the County Commissioners believe an assumption in a request is faulty, they should discuss it with the department head and appropriate changes made, if warranted.

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Chart of Fund and Account Codes

Description of an Effective Chart of Fund and Account Codes

Common terminology and classifications should be used throughout the budgeting, accounting, and financial reporting activities. The consistent use of fund and account codes is necessary to classify and summarize receipt and disbursement transactions. Fund codes should allow for the classification and identification of fund types and the individual funds. Receipt and disbursement codes should allow the transactions to be summarized by major revenue source or disbursement program. Major object codes for disbursements should be used consistently throughout the various program/activity codes.

The County should establish and maintain those funds required by law and those required for sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established.

Statutory Requirements

The creation of funds is authorized by Section 5705.09, Revised Code. Section 5705.13, Revised Code, authorizes the County to establish reserve balances for budget stabilization, for the payment of claims under a self-insurance program, and for the payment of claims under a retrospective workers' compensation plan. This Section also allows for the creation of a special revenue fund to accumulate resources for the payment of sick and vacation leave upon termination of employment. Additionally, it allows for the creation of capital projects funds to accumulate resources for up to ten years for the acquisition, construction, or improvement of capital assets. Funds may also be established under Section 5705.12, Revised Code, with the written approval of the Auditor of State and as required by specific statutes throughout the Ohio Revised Code.

Methods Used by the County

The County uses a self-created numeric chart of accounts, along with an accounting system developed by Software Solutions, Incorporated (SSI). The chart of accounts classifies revenues by an eleven-digit number. The first three digits identify the fund followed by the next two digits which identify the general revenue type (i.e., taxes, charges for services, intergovernmental, etc.). The next two digits in the sequence identify the County department receiving the revenue. The final four digits indicate the specific type of revenue being received (i.e., property taxes, interest revenue, County Auditor fees, etc.). Expenditures are classified by the same three-digit fund numbers as revenues followed by a four-digit number. This four digit number contains the following: the first two digits indicate the general expenditure program category in which the expenditure is classified (i.e., legislative and executive, judicial, human services, etc.), while the next two digits indicate the department making the expenditure. The final four digits of the expenditure code indicate that the line is an expenditure and determines the object code being utilized (i.e., salaries, Medicare, contract services, supplies, etc.) within each department. The funds and account codes have been entered manually into the SSI system.

Auditor of State Comments

- No Comments

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Accounting Ledgers

Description of Effective Accounting Ledgers

The accounting journals and ledgers of the County should allow for ongoing and timely information on estimated and actual receipts, disbursements, and encumbrances compared to the appropriation authority and available cash balances for each fund. The information captured for each transaction should allow the transaction to be traced throughout the journals and ledgers and back to the document that originated the transaction.

Administrative Code Requirements

Section 117-2-02(A), Ohio Administrative Code, requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Administrative Code Section 117-2-03.

Section 117-2-02(C)(1), Ohio Administrative Code, requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Section 117-2-02(D), Ohio Administrative Code, requires all local public offices to maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Such records should include the following:

Cash Journal – The cash journal is the book of original entry for recording all cash receipts and disbursements processed in the County Auditor’s Office. The cash journal presents receipts deposited to and checks drawn against the County treasury and the fund to which the receipts and checks were recorded. Entries to the cash journal are posted sequentially by date from source documents such as pay-in orders and checks. The related pay-in order or check number, account codes, and date are also recorded for each transaction. At the end of each month, month-to-date totals and year-to-date totals are generated.

Receipts Ledger – The receipts ledger is used to summarize receipts by fund and account. In addition, the estimated revenue and uncollected balance are presented for each source of revenue. Estimated revenues are recorded from the detail and/or supplemental information used in the preparation of the tax budget and is adjusted for any amendments to the certificate of estimated resources. Receipt transactions are posted from the cash journal based on the account code. A balance reflecting the estimated amount remaining to be received is maintained. At the end of each month, month-to-date totals and year-to-date totals are to be generated.

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Accounting Ledgers

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Appropriations Ledger – The appropriations ledger is used to summarize appropriations, disbursements, and encumbrances, by fund and account. In addition, the ledger accommodates the encumbering of obligations of the County, the check issued for the payment of the obligation, and necessary adjustments to an appropriation account. The ledger also facilitates budgetary control by enabling the County Auditor to keep the County's disbursements and encumbrances within the amounts appropriated by the Board. The unencumbered appropriation balance provides information on the amount available for obligations. At the end of each month, month-to-date totals and year-to-date totals are to be recorded.

Methods Used by the County

As previously mentioned, the County utilizes an accounting package from Software Solutions, Incorporated (SSI). The software integrates estimated receipts and appropriations by fund and account. SSI allows for the accumulation and aggregation of budget and actual information. Detailed receipt, expenditure and encumbrance information is accumulated by fund, revenue sources, and expenditure programs, departments, and object codes, as applicable. The software provides month and year-to-date information and detailed and summary information for receipts and expenditures. The software can also generate data for a specific date or time frame as needed. SSI is also the provider of software for the County's bank and treasury functions. The County Auditor's Office has written procedures on the steps necessary to close out each month. In addition, SSI publishes a year-end procedures guide on an annual basis that the County Auditor's Office utilizes to finalize the year.

The County Auditor's Office posts transactions daily. Each department provides the County Auditor's Office with a Receipt Detail Form. The information provided on the Receipt Detail Form is used by the County Auditor's Office to complete the pay-in receipt book. The daily transactions posted to SSI are made from the actual pay-in receipt book. The Receipt Detail Forms are filed in a drawer behind the counter in the County Auditor's Office in order, by date and receipt number. When the drawer becomes full, the Receipt Detail Forms are transferred to a box and stored in the computer room located at the back of the County Auditor's Office. The Receipt Detail Forms are kept for a one year period until the annual audit for that year is complete. At that time, the actual pay-in receipts, along with the posting in SSI, serve as the record of the transaction and the Receipt Detail Forms are discarded. The pay-in receipt books are kept in the moving file cabinets located at the back of the County Auditor's Office.

Aside from the transactions that occur with the County Auditor's Office on a daily basis, daily transactions also occur in the County Treasurer's Office. The County Treasurer's Office prepares a Daily Statement of County Treasurer report or what is commonly referred to as Form 6. This form lists the type of transaction, the total amount for each type of transaction and the fund number for each transaction. Each day, the County Treasurer's Office provides the County Auditor's Office with a copy of the Form 6 from the previous day. The transactions are posted by both the County Treasurer and the County Auditor's Office to SSI utilizing the copy of Form 6. The copies of Form 6 are maintained in a file cabinet in the County Auditor's Office for a year or two and then are discarded. The original Form 6 documents are kept on file in the County Treasurer's Office.

As previously stated, the County Auditor's Office posts both the pay-ins and Form 6 transactions to SSI. A copy of each posting is printed and filed in a binder. The current year's binder is stored in a file cabinet in the County Auditor's Office. The prior year's information is kept in the moving file cabinets located at the back of the County Auditor's Office.

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Accounting Ledgers

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The County has three servers (budgetary, payroll, and real estate) that backup the County's computer system daily. All servers are located in the computer room located at the back of the County Auditor's Office. The budgetary server is set to automatically perform a backup at 9:00 p.m. nightly. The payroll server backs up over the internet to a secure location every 15 minutes. The real estate server performs its backup procedures at 11:00 p.m. nightly. The backup tapes that are produced daily are stored in the computer room of the County Auditor's Office. However, on Friday of each week, the backup tapes of the previous night's backup is taken to the County Treasurer's Office. When the County Treasurer takes the daily deposit to the bank, he/she takes the Thursday night backup tapes with him/her and puts them in the safe deposit box. When the County Treasurer puts the tapes in the safe deposit box, he/she also brings back the backup tapes from the previous week that were filed in the safe deposit box so they can be reused by the County. Written procedures for performing the back-up process as well as the frequency and storage of the back-up tapes are kept in a binder in the Auditor's Office. A log is also kept in the computer room and documents which County Auditor's Office employee verifies the back-up was ran, the date and time, and if the back-up was performed successfully or if there were issues needing addressed.

The County has adopted a written disaster recovery plan that was put into place in 1998.

Auditor of State Comments

- Although the County Auditor's office runs back-up tapes every day, only the back-up tape ran on Thursday is actually stored off-site each week. The remaining daily back-up tapes are stored in the County Auditor's computer room. The County Auditor's Office should consider storing the daily back-up tapes either off-site daily or in an environmentally safe and secure location on site.
- While the County has a disaster recovery plan, this plan has not been updated since established in 1998. Since the plan has been in place, the County Auditor's Office has made changes to its software system and personnel. The County should review and update its disaster recovery plan annually. Without current and accurate documented business recovery procedures, critical resources and processing may not be restored in a timely and efficient manner.

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Revenue Activity

Description of an Effective Method for Recording Receipts

The receipting process should allow for the consistent classification and identification of each receipt. All receipts should be promptly recorded, safeguarded, and deposited in accordance with State statute. The receipt or pay-in-order form should be a multi-part form that is pre-numbered and issued consecutively. The receipt should identify the name of the entity and reflect the date received, the payer, the amount, the purpose or nature of the receipt, the account code, and the signature of the person preparing the receipt. Supporting documents should be attached to a copy of the receipt and filed numerically or by payer. Departmental receipts should be summarized and remitted daily. The County Auditor's Office should issue pay-in-orders to those departments depositing daily collections to the County Treasurer's Office and for any payments received from the public. Supporting documents should be attached to a copy of the pay-in-order. All receipts or pay-in-orders should be recorded in the cash journal and receipts ledger in a timely manner. Adequate safeguards should be in place to ensure that one individual does not have total control over the receipting of moneys, depositing of moneys, posting of receipts, and reconciliation of bank accounts.

Statutory Requirements

Section 9.38, Revised Code, provides that a person who is a public official, employee, or an agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount received exceeds \$1,000. If the total amount of the public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such a time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

Section 319.13, Revised Code, provides that, except as to moneys collected on the tax duplicate, the County Auditor shall certify all moneys into the County treasury, specifying by whom to be paid, what fund to be credited, charge the Treasurer with such moneys, and preserve a duplicate of the certificate in his office. Costs collected in felony cases that have been or are to be paid by the State shall be certified into the treasury as belonging to the State.

Section 319.14, Revised Code, states that the County Auditor shall keep an accurate account current with the County Treasurer, showing all moneys paid into the treasury, the amount of such moneys, the time when, by whom, from what source, and to what fund paid, and showing all moneys paid out, the amount of such moneys, the time when, to whom, for what purpose, and from what fund paid. Upon the receipt of the daily statement of the County Treasurer required by Section 321.09, Revised Code, the County Auditor shall enter on his account current, as a charge to the Treasurer, the amount of tax collected as shown by such statement, in the following manner: (a) collections of estate tax to be credited to the "undivided estate tax fund;" (b) collections of other taxes and assessments of whatever kind to be credited to the "undivided general tax fund".

Scioto County – Scioto County

Report on Accounting Methods

Revenue Activity

(Continued)

Per Ohio Revised Code Section 321.07, the County Treasurer shall keep an accurate account of all moneys received by him, showing the amount, the time, from what source received, and all disbursements made by him, showing the amount, the time, and for what purpose paid. He shall so arrange his accounts that the amount received and paid on account of each separate and distinct fund shall be exhibited in a separate and distinct account.

Ohio Revised Code Section 321.08 indicates that the County Treasurer shall enter on the Treasurer's account, each day, the money received for advance payments of taxes and taxes charged on the general and special duplicates of the current year in the following manner: (a) collections of estate tax to be credited to the "undivided estate tax fund;" (b) collections of classified property taxes, including interest and penalties thereon, shall be credited to the County public library fund and distributed in accordance with Section 5747.48, Revised Code; (c) collections of other taxes and assessments of whatever kind to be credited to the undivided general tax fund.

Ohio Revised Code Section 321.09 states, "Each business day, the County Treasurer shall make a statement to the County Auditor for the preceding day, showing the amount of taxes received and credited to the various undivided tax funds, the amount received on County Auditor's draft, the amount received from all other sources, the total amount deposited in the depository, the total amount paid by check on the depository, the total amount paid out in cash, the balance in the depository, and the balance in the County treasury."

Per Ohio Revised Code Section 321.10, at the time of closing the books at the end of each collection of taxes, the County Treasurer shall make to the County Auditor a statement showing the amount of taxes received in each taxing district in the County since the last settlement, under the following heads: Inheritance tax, estate tax, dog tax, general tax, and classified tax. It further states, "The Treasurer shall keep such accounts, in books provided for that purpose, as will enable him to make the statements required by Sections 321.07 to 321.10, inclusive, of the Ohio Revised Code."

Per Ohio Revised Code Section 321.12, except for payments of taxes charged on any current or delinquent tax duplicate and advance payments of taxes pursuant to Section 5719.02, Revised Code, all payments of money into the County treasury shall be on the draft of the County Auditor, in favor of the County Treasurer. The County Auditor shall preserve a duplicate copy of each such draft, and he and the County Treasurer shall each keep an accurate record of each draft and of the fund in favor of which it is drawn.

Ohio Revised Code Section 321.14 states that when money is paid to the County Treasurer, except on account of taxes charged on the duplicate, he shall give to the person paying duplicate receipts, one of which such person shall deposit with the County Auditor, who shall charge the Treasurer with the amount of such receipt.

Per Ohio Revised Code Section 321.39, at the time of making his annual settlement with the Board of County Commissioners, the County Treasurer shall furnish a certified statement of all moneys received by him as fees or for official services, during the year next preceding the time of making such services, during the year next preceding the time of making such statement, designating the several sources and the amount from each. If such Treasurer fails to make reports at the time and in the manner required by this Section, he shall forfeit and pay not less than fifty nor more than one hundred dollars, to be recovered in a civil action in the name of the Board.

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Ohio Revised Code Section 321.45(B)(1)(a) states that “a County Treasurer may enter into a written agreement with any taxpayer for the payment of current taxes, upon mutually agreed on terms and conditions, under which both of the following occur: (i) the taxpayer agrees to tender prepayments of taxes on a parcel of property or a manufactured or mobile home listed on the tax duplicate in the name of the taxpayer; (ii) the Treasurer agrees to accept the prepayments and hold them either in an escrow fund or a separate depository account until the last day that an installment of current taxes may be paid without penalty, at which time the Treasurer further agrees to apply, toward the payment of the current taxes due on the parcel or the manufactured or mobile home, the amount of the prepayments collected on the parcel or the manufactured or mobile home. If a discount is not given under division (B)(2) of this Section, any earnings on prepayments in an escrow fund or depository account shall be paid to the credit of a special interest account to be used by the Treasurer only for the payment of the expenses incurred in establishing and administering the system for collecting prepayments under division (B)(1) of this Section. Ohio Revised Code Section 321.45(B)(1)(b) states that a County Treasurer and a taxpayer may enter into both a written agreement for the payment of current taxes under division (B)(1)(a) of this Section and a written contract for the payment of delinquent taxes under Section 323.31, Revised Code.”

Ohio Revised Code Section 321.48 allows that “a County Treasurer may assess a fee not exceeding an amount equal to five dollars plus any amount passed on from a financial institution on a drawer or endorser for each check, draft, or money order returned or dishonored, or automatic bank transfer declined, due to insufficient funds or for any other reason. The County Treasurer shall deposit in the general fund of the County any fee collected under this Section.”

Ohio Revised Code Section 323.14 indicates that “when any tax is paid at the office of the County Treasurer or at any tax receiving office, the Treasurer shall give a receipt to the person paying it. If any tax is paid to the Treasurer by mail, and the person paying it encloses with the payment an addressed envelope with sufficient postage, the Treasurer shall enclose a receipt for the taxes in such envelope and deposit it in the mail. No receipt given by the Treasurer for payment made otherwise than in lawful money or the notes specified in the Ohio Revised Code Section 321.13 shall be valid, unless the moneys represented by such payment are received into the County treasury or a County depository. The tax receipt given by the Treasurer shall be a duplicate of the tax bill unless the Treasurer prescribes a different form, approved by the tax commissioner, to be used as a receipt when the tax is paid by the Treasurer’s application of prepayments pursuant to the Ohio Revised Code Section 321.45.”

Ohio Revised Code Section 323.31 (A)(1) states that “a person who owns agricultural real property or owns and occupies residential real property or a manufactured or mobile home that does not have an outstanding tax lien certificate or judgment of foreclosure against it, and a person who is a vendee of such property under a purchase agreement or land contract and who occupies the property, shall have at least one opportunity to pay any delinquent or unpaid current taxes, or both, charged against the property by entering into a written delinquent tax contract with the County Treasurer in a form prescribed or approved by the tax commissioner. Subsequent opportunities to enter into a delinquent tax contract shall be at the County Treasurer’s sole discretion.”

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Report on Accounting Methods

Revenue Activity

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Section 5739.021(A), Revised Code states that “for the purpose of providing additional general revenues for the county or supporting criminal and administrative justice services in the county, or both, and to pay the expenses of administering such levy, any county may levy a tax at the rate of not more than one per cent at any multiple of one-fourth of one per cent upon every retail sale made in the county, except sales of watercraft and outboard motors required to be titled pursuant to Chapter 1548. of the Revised Code and sales of motor vehicles, and may increase the rate of an existing tax to not more than one per cent at any multiple of one-fourth of one per cent.

The tax shall be levied and the rate increased pursuant to a resolution of the board of county commissioners. The resolution shall state the purpose for which the tax is to be levied and the number of years for which the tax is to be levied, or that it is for a continuing period of time. If the tax is to be levied for the purpose of providing additional general revenues and for the purpose of supporting criminal and administrative justice services, the resolution shall state the rate or amount of the tax to be apportioned to each such purpose. The rate or amount may be different for each year the tax is to be levied, but the rates or amounts actually apportioned each year shall not be different from that stated in the resolution for that year. If the resolution is adopted as an emergency measure necessary for the immediate preservation of the public peace, health, or safety, it must receive an affirmative vote of all of the members of the board of county commissioners and shall state the reasons for such necessity. The board shall deliver a certified copy of the resolution to the tax commissioner, not later than the sixty-fifth day prior to the date on which the tax is to become effective, which shall be the first day of the calendar quarter.

Prior to the adoption of any resolution under this section, the board of county commissioners shall conduct two public hearings on the resolution, the second hearing to be not less than three nor more than ten days after the first. Notice of the date, time, and place of the hearings shall be given by publication in a newspaper of general circulation in the county, or as provided in section 7.16 of the Revised Code, once a week on the same day of the week for two consecutive weeks, the second publication being not less than ten nor more than thirty days prior to the first hearing.”

In association with Section 5739.021, Section 5741.021(A), Revised Code, states that “for the purpose of providing additional general revenues for the county or supporting criminal and administrative justice services in the county, or both, and to pay the expenses of administering such levy, any county which levies a tax pursuant to section 5739.021 of the Revised Code shall levy a tax at the same rate levied pursuant to section 5739.021 of the Revised Code on the storage, use, or other consumption in the county of the following:

- (1) Motor vehicles by a transaction subject to the tax imposed by section 5739.02 of the Revised Code;
- (2) In addition to the tax imposed by section 5741.02 of the Revised Code, tangible personal property and services subject to the tax levied by this state as provided in section 5741.02 of the Revised Code, and tangible personal property and services purchased in another county within this state by a transaction subject to the tax imposed by section 5739.02 of the Revised Code.

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The tax shall be levied pursuant to a resolution of the board of county commissioners which shall be adopted after publication of notice and hearing in the same manner as provided in section 5739.021 of the Revised Code. Such resolution shall be adopted and shall become effective on the same day as the resolution adopted by the board of county commissioners levying a sales tax pursuant to section 5739.021 of the Revised Code and shall remain in effect until such sales tax is repealed.

Section 5741.021(B), Revised Code, says that the tax levied pursuant to this section on the storage, use, or other consumption of tangible personal property and on the benefit of a service realized shall be in addition to the tax levied by section 5741.02 of the Revised Code and, except as provided in division (D) of this section, any tax levied pursuant to sections 5741.022 and 5741.023 of the Revised Code.

Section 5741.021(C), Revised Code, states that the additional tax levied by the county shall be collected pursuant to section 5739.025 of the Revised Code. If the additional tax or some portion thereof is levied for the purpose of criminal and administrative justice services, the revenue from the tax, or the amount or rate apportioned to that purpose, shall be credited to a special fund created in the county treasury for receipt of that revenue.

Section 5741.021(D), Revised Code, states that the tax levied pursuant to this section shall not be applicable to any benefit of a service realized or to any storage, use, or consumption of property not within the taxing power of a county under the constitution of the United States or the constitution of this state, or to property or services on which a tax levied by a county or transit authority pursuant to this section or section 5739.021, 5739.023, 5739.026, 5741.022, or 5741.023 of the Revised Code has been paid, if the sum of the taxes paid pursuant to those sections is equal to or greater than the sum of the taxes due under this section and sections 5741.022 and 5741.023 of the Revised Code. If the sum of the taxes paid is less than the sum of the taxes due under this section and sections 5741.022 and 5741.023 of the Revised Code, the amount of tax paid shall be credited against the amount of tax due.

Section 5741.021(E), Revised Code, clarifies that, as used in this section, “criminal and administrative justice services” has the same meaning as in section 5739.021 of the Revised Code.

If a Court sentences an offender for a felony, Section 2929.18(C)(2), Revised Code states that “except as provided in section 2951.021 of the Revised Code, the offender shall pay reimbursements imposed upon the offender pursuant to division (A)(5)(a) of this section to pay the costs incurred by a county pursuant to any sanction imposed under this section or section 2929.16 or 2929.17 of the Revised Code or in operating a facility used to confine offenders pursuant to a sanction imposed under section 2929.16 of the Revised Code to the county treasurer. The county treasurer shall deposit the reimbursements in the sanction cost reimbursement fund that each board of county commissioners shall create in its county treasury. The county shall use the amounts deposited in the fund to pay the costs incurred by the county pursuant to any sanction imposed under this section or section 2929.16 or 2929.17 of the Revised Code or in operating a facility used to confine offenders pursuant to a sanction imposed under section 2929.16 of the Revised Code.”

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If a Court sentences an offender for a misdemeanor, Section 2929.28(C)(1), Revised Code states that “the offender shall pay reimbursements imposed upon the offender pursuant to division (A)(3) of this section to pay the costs incurred by a county pursuant to any sanction imposed under this section or section 2929.26 or 2929.27 of the Revised Code or in operating a facility used to confine offenders pursuant to a sanction imposed under section 2929.26 of the Revised Code to the county treasurer. The county treasurer shall deposit the reimbursements in the county’s general fund. The county shall use the amounts deposited in the fund to pay the costs incurred by the county pursuant to any sanction imposed under this section or section 2929.26 or 2929.27 of the Revised Code or in operating a facility used to confine offenders pursuant to a sanction imposed under section 2929.26 of the Revised Code.”

If a Court does not order reimbursement of confinement costs under Ohio Revised Code Sections 2929.18 or 2929.28, Section 2929.37, Revised Code, provides for a confinement cost policy as follows:

- (A) A Board of County Commissioners, in an agreement with the Sheriff, a legislative authority of a municipal corporation, a corrections commission, a facility governing board, or any other public or private entity that operates a local detention facility at which a prisoner who is convicted of an offense and who is confined in the facility under a sanction or term of imprisonment imposed under Section 2929.16, Sections 2929.21 to 2929.28, or any other provision of the Ohio Revised Code may adopt, pursuant to Sections 307.93, 341.14, 341.19, 341.21, 341.23, 753.02, 753.04, 753.16, 2301.56, or 2947.19, Revised Code, a policy that requires the prisoner to pay all or part of the costs of confinement in that facility. If a Board of County Commissioners, legislative authority, corrections commission, facility governing board, or other entity adopts a policy for a facility pursuant to one of those Sections, the person in charge of that facility shall appoint a reimbursement coordinator to administer the facility’s policy.

The costs of confinement may include, but are not limited to, the costs of repairing property damaged by the prisoner while confined, a per diem fee for room and board, medical and dental treatment costs, the fee for a random drug test assessed under division (E) of Section 341.26 and division (E) of Section 753.33, Revised Code, and a one-time reception fee for the costs of processing the prisoner into the facility at the time of the prisoner’s initial entry into the facility under the confinement in question, minus any fees deducted under Section 2929.38, Revised Code. Any policy adopted under this Section shall be used when a court does not order reimbursement of confinement costs under Section 2929.18 or Section 2929.28, Revised Code. The amount assessed under this Section shall not exceed the total amount that the prisoner is able to pay.

- (B)(1) Each prisoner covered by a repayment policy adopted as described in division (A) of this Section shall receive at the end of the prisoner’s confinement an itemized bill of the expenses to be reimbursed. The policy shall allow periodic payments on a schedule to be implemented upon a prisoner’s release. The bill also shall state that payment shall be made to the person identified in the bill as the reimbursement coordinator and include a notice that specifies that the prisoner has 30 days in which to dispute the bill by filing a written objection with the reimbursement coordinator and that if the prisoner does not dispute the bill in that manner within that period, the prisoner is required to pay the bill and a certificate of judgment may be obtained against the prisoner for the amount of the unpaid expenses. The prisoner shall sign a copy of the bill, and the reimbursement coordinator shall retain that copy. If the prisoner disputes an item on the bill within 30 days after receiving the bill, the reimbursement coordinator may either concede the disputed item or proceed to a hearing under division (B)(2) of this Section.

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- (B)(2) If the prisoner disputes an item on an itemized bill presented to the prisoner under division (B)(1) of this Section and the reimbursement coordinator does not concede the item, the reimbursement coordinator shall submit the bill to the court, and the court shall hold a hearing on the disputed items in the bill. At the end of the hearing, the court shall determine how much of the disputed expenses the prisoner shall reimburse the legislative authority or managing authority and shall issue a judgment in favor of the legislative authority or managing authority for any undisputed expenses and the amount of the disputed expenses for which the prisoner must reimburse the legislative authority or managing authority. The reimbursement coordinator shall not seek to enforce the judgment until at least 90 days after the court issues the judgment.
- (C) If a prisoner does not dispute the itemized bill presented to the prisoner under division (B) of this Section and does not pay the bill within 90 days, the reimbursement coordinator shall send by mail a notice to the prisoner requesting payment of the expenses as stated in the bill. If the prisoner does not respond to the notice by paying the expenses in full within 30 days of the date the notice was mailed, the reimbursement coordinator shall send by mail a second notice to the prisoner requesting payment of the expenses. If 180 days elapse from the date that the reimbursement coordinator provides the bill and if the prisoner has not paid the full amount of the expenses pursuant to the bill and the notices, the reimbursement coordinator may notify the clerk of the appropriate court of those facts, and the clerk may issue a certificate of judgment against the prisoner for the balance of the expenses remaining unpaid.
- (D) The reimbursement coordinator may collect any amounts remaining unpaid on an itemized bill and any costs associated with the enforcement of the judgment and may enter into a contract with one or more public agencies or private vendors to collect any amounts remaining unpaid. For enforcing a judgment issued under this Section, the reimbursement coordinator may assess an additional poundage fee of two percent of the amount remaining unpaid and may collect costs associated with the enforcement of the judgment.
- (E) Neither the reimbursement coordinator nor the legislative authority or the managing authority shall enforce any judgment obtained under this Section by means of execution against the prisoner's homestead. Any reimbursement received under this Section shall be credited to the general fund of the treasury of the political subdivision that incurred the expense, to be used for general fund purposes.

Per Ohio Revised Code Section 2929.38(A), a Board of Commissioners of a County, in an agreement with the Sheriff, a legislative authority of a municipal corporation, a corrections commission, a facility governing board, or any other public or private entity that operates a local detention facility described in division (A) of Section 2929.37, Revised Code, may establish a policy that requires any prisoner who is confined in the facility as a result of pleading guilty to or having been convicted of an offense to pay a one-time reception fee for the costs of processing the prisoner into the facility at the time of the prisoner's initial entry into the facility under the confinement in question, to pay a reasonable fee for any medical or dental treatment or service requested by and provided to that prisoner, and to pay the fee for a random drug test assessed under division (E) of Section 341.26 and division (E) of Section 753.33, Revised Code. The fee for the medical treatment or service shall not exceed the actual cost of the treatment or service provided. No prisoner confined in the local detention facility shall be denied any necessary medical care because of inability to pay the fees.

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Ohio Revised Code Section 2929.38(B) states that upon assessment of a one-time reception fee as described in division (A) of this Section, the provision of the requested medical treatment or service, or the assessment of a fee for a random drug test, payment of the required fee may be automatically deducted from the prisoner's inmate account in the business office of the local detention facility in which the prisoner is confined. If there is no money in the account, a deduction may be made at a later date during the prisoner's confinement if the money becomes available in the account. If, after release, the prisoner has an unpaid balance of those fees, the Sheriff, legislative authority of the municipal corporation, corrections commission, facility governing board, or other entity that operates the local detention facility described in division (A) of Section 2929.37, Revised Code, may bill the prisoner for the payment of the unpaid fees. Fees received for medical or dental treatment or services shall be paid to the commissary fund or resident program fund of a community-based correctional facility, if one exists for the facility, or if no commissary fund or resident program fund exists, to the general fund of the treasury of the political subdivision that incurred the expenses, in the same proportion as those expenses were borne by the political subdivision. Fees received for medical treatment or services that are placed in the commissary fund or resident program fund under this division shall be used for the same purposes as profits from the commissary fund or resident program fund, except that they shall not be used to pay any salary or benefits of any person who works in or is employed for the sole purpose of providing service to the commissary.

Ohio Revised Code Section 2929.38(C) states that any fee paid by a person under this Section shall be deducted from any medical or dental costs that the person is ordered to reimburse under a financial sanction imposed pursuant to Section 2929.28, Revised Code or to repay under a policy adopted under Section 2929.37, Revised Code.

Administrative Code Requirements

Section 117-2-02(D)(1) of the Ohio Administrative Code requires the date, amount, receipt number, account code, and any other information necessary to properly classify the receipt transactions to be recorded in the cash journal.

Section 117-2-02(D)(2) of the Ohio Administrative Code requires the amount, date, name of the payer, purpose, receipt number, and other information required for the transaction to be recorded in the receipts ledger.

Methods Used by the County

County Auditor

Pay-Ins – When any County department receives money, the individual receiving the money, or making the deposit, prepares a Receipt Detail Form. The Receipt Detail Form facilitates preparing a pay-in. The top part of the form identifies the total amount of the pay-in, whether the pay-in consists of cash, checks, or an electronic fund transfer (EFT), and who is remitting the money. The bottom part of the form provides for account numbers and descriptions and amounts of individual items that comprise the amount being deposited. The Receipt Detail Form and the money are then taken to the County Auditor's Office.

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Employees of the County Auditor's Office who do not work in the real estate or the weights and measures divisions are authorized to prepare pay-ins. The County Auditor also occasionally prepares pay-ins. The County Auditor's pay-in book contains the following information for each receipt: the total amount of money to be remitted, the date of the remittance, the name of the department or individual making the remittance, the revenue account code(s), a description(s) of the remittance, the amount(s), and signature of the Deputy Auditor preparing the pay-in. The pay-in book also has two copies of each receipt: one yellow and one white. The yellow copy remains in the pay-in book, while the white copy is given to the individual of the department making the remittance. The white copy of the pay-in, along with the moneys to be remitted and any additional supporting documentation, is taken to the County Treasurer's Office.

Upon completing the pay-in process within the County Auditor's Office, the Receipt Detail Form prepared by the department is kept in the County Auditor's Office as a precaution in case a discrepancy between the department's remittance and the actual pay-in occurred. These Receipt Detail Forms are maintained in a drawer behind the counter of the County Auditor's office and are filed by date and receipt number. When the drawer becomes full, the forms are moved to a box in the computer room located in the back of the County Auditor's Office. These forms are discarded once the County's annual audit is completed.

Receipts are posted daily into the County's accounting system by a Deputy Auditor by utilizing the yellow copies of the pay-ins or Form 6 provided by the County Treasurer's Office. A more detailed discussion of Form 6 will occur within the County Treasurer's section of Revenue Activity. However, the Deputy Auditor utilizes Form 6 to enter any of the previous day's receipts for which a pay-in was not prepared, such as tax payments, vendor licenses, and cigarette licenses. The Deputy Auditor will also use Form 6 to verify the total pay-in amount reported by the County Treasurer's Office agrees to the County Auditor's pay-in book. In the absence of the Deputy Auditor, the Chief Deputy Auditor will perform these tasks.

Conveyance and Transfer Fees – The County Auditor's real estate division staff collects conveyance and transfer fees when an individual transfers real estate within the County. The current conveyance fee of the County is calculated at \$0.40 per \$100 (or \$4.00 per \$1,000) of the consideration amount (market value) of the real estate. In figuring the fee, amounts are based on the consideration amount of the property rounded up to the next hundred. For instance, property with a consideration amount of \$175,324 would be calculated at \$4.00 times \$175.40, giving a conveyance fee of \$701.60. The transfer fee is \$0.50 for each property parcel that is being transferred.

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When it is necessary to record a conveyance fee, the Real Property Conveyance Fee Statement of Value and Receipt is prepared in quadruplicate by the real estate staff. The first copy of this receipt, the white copy, is retained by the County Auditor; the yellow copy is attached to the copy of the land deed and is also retained by the County Auditor; the pink copy is given to the customer; and, the green copy is sent to the Tax Equalization Division of the State of Ohio Department of Taxation. The Tax Equalization Division uses this information to provide sales ratios to the County, which helps in the calculation of property values at the County's next triennial update of real estate values. The bottom part of the Real Property Conveyance Fee Statement of Value and Receipt contains the receipt for payment of the conveyance fee.

Receipts for the payment of transfer fees are pre-numbered and in duplicate form. The white copy of the receipt is provided to the customer, while the yellow copy of the receipt is retained by the County Auditor.

Moneys collected for conveyance and transfer fees are kept in a cash drawer behind the counter in the County Auditor's Office. A pay-in is prepared each day that conveyance or transfer fees are collected.

Dog and Kennel Licenses – Dog owners in the County must purchase a dog license within one month of receiving a dog three months of age or older or brought from outside the State. Annually, thereafter, the dog tag must be renewed for another year. If a County resident operates a kennel, then a kennel license must be purchased annually. These licenses, issued by the County Auditor's Office, are available from December 1 until January 31 of the following year. If purchased by the January 31 deadline or within one month of receiving a new dog, the dog license fee is \$12 and the kennel license fee is \$40. If purchased after the January 31 deadline, or after one month of purchasing/receiving a new dog or establishing a kennel, the fees are doubled to \$24 for a dog license and \$80 for a kennel license. Owners of dogs that turn three months of age after July 1 are required to pay one-half of the normal fee.

Employees of the County Auditor's Office who do not work in the real estate division are authorized to prepare dog and kennel license applications. The County Auditor may also prepare these forms.

The Application for the Registration of Dog form is prepared in quadruplicate. The white copy of the form is filed in a drawer in the County Auditor's Office by tag number. The pink copy is filed in a drawer in the County Auditor's Office by name. The blue copy is provided to the Dog Warden and retained at the County Dog Pound. The yellow copy is returned to the applicant. The Application for the Registration of Dog Kennel is also prepared in quadruplicate. The pink copy of the form is filed in a drawer in the County Auditor's Office by tag number. The blue copy is filed in a drawer in the County Auditor's Office by name. The yellow copy is provided to the Dog Warden and retained at the County Dog Pound. The white copy is returned to the applicant. The duplicates of the applications retained by the County Auditor are filed in the drawers for the current calendar year. At year-end, the forms are stored in boxes in the computer room located in the County Auditor's Office. The duplicate forms are discarded once the County's annual audit is completed.

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Moneys collected from the sale of dog/kennel licenses are kept in a locked drawer behind the counter of the County Auditor's Office. During the active selling period (until January 31 each year), moneys are remitted to the County Treasurer via a pay-in on a daily basis. During the slower periods of the year, moneys collected are normally remitted on the Friday of each week.

Vendor's Licenses – The Application for Vendor's License to Make Taxable Sales and the Vendor's License Form are prepared by certain Deputy Auditors of the County Auditor, the Chief Deputy Auditor or the County Auditor. The application is prepared in duplicate. The white copy of the application is sent to the Ohio Department of Taxation. The yellow copy of the application is retained in the County Auditor's Office. The Vendor's License Form is prepared in duplicate as well. The white copy of the form is provided to the vendor and the yellow copy is filed by number in the County Auditor's Office. Copies of the current year's forms are filed in a drawer in the County Auditor's Office, while older copies are moved to another filing cabinet within the County Auditor's Office. However, all applications and forms for vendor licenses are retained indefinitely by the County Auditor's Office.

Cigarette Licenses – Only certain employees of the County Auditor's Office have the authority to complete the Application for Retail Cigarette Dealer's License and the Retail Cigarette Dealer's License Form. They include two of the Deputy Auditors and the Chief Deputy Auditor. The application form has two copies: yellow and pink. The yellow copy is retained in a file in the Chief Deputy Auditor's Office. When the file is full, the application forms are moved to the file cabinet in the back room of the County Auditor's Office. In the past, the pink copy of the application was sent to the State. However, since 2011, the information from the forms has been compiled and the information has been submitted electronically to the State on a monthly basis. When an individual applies for a cigarette license after the fourth Monday in May, the "Retail Cigarette License Proration Chart" is utilized to calculate the license fee. This chart lists the exact amount that should be paid for the license based on the date when the application is submitted.

The Chief Deputy Auditor distributes the cigarette tax moneys to the appropriate municipal corporations or townships in which the places of business are located.

Real Estate Assessment Fund Fees – The real estate assessment fund fee is received along with the regular homestead/rollback reimbursement from the State. The fee is based on the homestead amount only. A Deputy Auditor prepares the Property Tax Rollback and Homestead Exemption Summary and Certification Form. This form provides the calculation for the homestead/rollback reimbursement amounts, along with the associated fees. The total amount of the homestead reimbursement amount is multiplied by three percent, with one percent going into the Real Estate Assessment Fund, and the remaining two percent going to the General Fund. Of the two percent receipted into the General Fund, one percent is for County Auditor's fees and one percent is for County Treasurer's fees.

Scioto County – Scioto County

Report on Accounting Methods

Revenue Activity

(Continued)

County Treasurer

The following are the various types of receipts handled within the County Treasurer's Office, along with the method the County Treasurer's Office uses to account for them:

Pay-Ins – As previously mentioned, when a County department receives money, an individual of the department must prepare a Receipt Detail Form and then have the County Auditor's Office prepare a pay-in. Once this process is completed, the white copies of the pay-in, along with the moneys, are returned to the department's representative which are then taken to the County Treasurer's Office so that the deposit can be made into the County treasury. Personnel within the County Treasurer's Office will also prepare a pay-in for the deposit of the moneys by the department. The County Treasurer's pay-in form is two-part: a white copy is provided to the individual making the deposit and a yellow copy is retained by the County Treasurer. The white copy from the County Auditor's Office is also retained by the County Treasurer. All copies of such pay-ins are filed in numerical/date order in drawers in the County Treasurer's Office for two years, at which point they are then moved to a storage room in the basement, until they can be lawfully destroyed based upon the County's retention schedule.

Electronic Fund Transfers (EFTs) – Aside from pay-in deposits made by County personnel, the County also receives moneys into its bank account via electronic fund transfers (EFTs). Upon receipt of an EFT, the bank sends an e-mail to the Chief Deputy Treasurer and the Chief Deputy Auditor with information regarding the EFT. Since various departments of the County receive EFTs, amounts of any EFTs are not recorded on the County's books until an individual from the department to which the EFT belongs acknowledges the receipt of the moneys via a pay-in.

However, in the e-mail notification sent from the bank, the County Auditor's and County Treasurer's Office personnel can identify the recipient of an EFT according to the first few letters/numbers in the description of the source of the money. To further help in identifying to whom an EFT belongs, a spreadsheet has been created listing all of the potential EFT sources of the County.

Permissive Sales Tax – The County Commissioners, by resolution, imposed a one and one-half percent tax on all retail sales, except the sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the 23rd day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management (OBM) the amount of the tax to be returned to the County. The State Tax Commissioner's certification must be made within 45 days after the end of each month. The State Tax Commissioner shall then, on or before the 20th day of the month in which certification is made, provide for payment to the County.

The County's sales tax moneys arrive monthly via an EFT. The pay-in is initiated by the County Treasurer's Office and then taken to the County Auditor's Office where it is verified and posted by the County Auditor's Office into the accounting system, with the proceeds being recorded into the County's General Fund.

Scioto County – Scioto County

Report on Accounting Methods

Revenue Activity

(Continued)

Real Estate Taxes/Manufactured Home Taxes – Real estate taxes are levied by the County Auditor and collected by the County Treasurer. Property taxes collected each calendar year are for amounts levied for the prior calendar year. Tax rates are calculated following November elections each year; thus, allowing for the inclusion of results of County-wide tax levies. Tax bills are prepared and printed in December.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Each year the County Treasurer asks for, and receives an extension for the mailing and the close of the collection of real estate taxes. The County usually mails first half tax bills during the first week in January, with a due date of February 14. Second half tax statements are usually mailed during the first week in June, with a due date of July 20. Due to budget constraints, the County no longer sends delinquent tax bills after the closing of the second half tax collection period.

Manufactured Home Tax is based on the purchase price obtained from the title in one of two ways: (1) 95 percent unfurnished or (2) 80 percent furnished with each presenting a 10 percent drop each year.

Property tax payments are either mailed to the County Treasurer's Office or submitted in person. When paying in person, the County Treasurer's cashier retains the payment stub from the tax bill, stamps the taxpayer's copy as paid, and returns it to the taxpayer. If a taxpayer does not bring their tax statement with them when paying in person, an employee of the County Treasurer's Office prints a duplicate bill to serve as the receipt. No receipts are issued for property taxes received in the mail, as the taxpayer's cancelled check serves as their receipt, unless the taxpayer has submitted a self-addressed envelope with sufficient postage. In this case, the receipt is mailed to the taxpayer. Should a dispute arise, the County Treasurer has supporting documentation in the form of the tax invoices which are stamped paid and are filed.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected.

Collections of the taxes and remittance of them to the taxing districts are accounted for in the Undivided Real Estate Agency Fund. The collection and distribution of taxes for the County and for all subdivisions within the County is accounted for in the Undivided Real Estate Agency Fund.

Ohio Revised Code Section 321.45 allows for taxpayers to prepay their real estate taxes by paying their upcoming real estate tax obligation in equal installments. The County Treasurer does accept plans for the prepayment of property taxes upon the request of a taxpayer; however this plan is not openly advertised by the Treasurer's office.

Scioto County – Scioto County

Report on Accounting Methods

Revenue Activity

(Continued)

The County Treasurer currently allows taxpayers to enter into an agreement to pay the delinquent amount of their real estate property taxes or manufactured homes taxes. If a taxpayer, who has outstanding delinquent property taxes, wants to pay the delinquent amount in installments, they sign a delinquent tax contract stating that they will pay one-fifth of the delinquent amount, along with the current half property tax amount that is due, by the due dates of the next four collection periods of real property (or manufactured homes) taxes. The fifth installment amount can be paid at any time during the year, or it can be made at the next (fifth) collection period of real property (or manufactured homes) taxes. They refer to this contract as a Five Pay Plan. All Five Pay Plans are monitored by an employee of the County Treasurer's Office. During the time that a taxpayer is abiding by a delinquent tax contract, no interest is charged and added to his/her delinquent balance. If, however, the taxpayer fails to make his/her scheduled payment on time, or the full amount of the scheduled payment is not made, then penalties and interest are imposed and added the next time interest amounts are figured on outstanding property taxes.

According to the Chief Deputy Treasurer, the form required to be presented to the County Auditor's Office at the end of each settlement period is no longer used in the County. The County's old computer system used to produce the required form. However, with the current computer system, the receipts per taxing district can be identified upon entry of the individual tax payments. The County Auditor is able to know the balances per taxing district at any given time during the collection period. At the time of the settlement, the County Treasurer's Office does provide a Year to Date Cash Balancing Report, which lists the total collections, per day, that were made for that settlement period. The County Auditor's Office prints a Year to Date Cash Report, which shows, by taxing district, all payments consisting of prior, first half, second half, or excess amounts that were paid during the settlement period. Therefore, due to modern technology, Ohio Revised Code Section 321.10, which requires the County Treasurer's statement be given to the County Auditor, is no longer purposeful.

Vendor Licenses – Businesses that are established within the County are required to secure a vendor's license at a cost of \$25. This license authorizes businesses to sell tangible property to the public and to collect sales tax. The license form is completed by County Auditor personnel, as previously mentioned, and a copy is given to the person securing the license who takes the copy to the County Treasurer's Office, where the \$25 fee is collected. However, the County Treasurer's Office also has vendor's license receipt book to record each fee. The County Treasurer's vendor license receipt book is in triplicate. The white copy is provided to the person purchasing the license; the pink copy is retained by the County Treasurer in a drawer behind the counter in the County Treasurer's Office; and the yellow copy remains in the vendor's license book. When the filing drawer becomes full, the pink copies of the vendor license forms are relocated into the County Treasurer Office's storage area in the basement of the Courthouse.

Cigarette Licenses – Once the County Auditor's Office has completed the Application for Retail Cigarette Dealer's License, the applicant takes the application to the County Treasurer's Office to pay the license fee. The County Treasurer's Office prepares a receipt. The applicant gets the white copy of the receipt; the County Treasurer retains the pink copy in the cash drawer until the daily balancing is completed the next morning; and the yellow copy is retained in the County Treasurer's receipt book. After the County Treasurer's Office reconciles for the day, the pink copy of the receipt is provided to the County Auditor's Office. Once the applicant has made his/her payment at the County Treasurer's Office, the applicant takes the white copy of the receipt, along with the application, back to the County Auditor's Office to pick up the license.

Scioto County – Scioto County

Report on Accounting Methods

Revenue Activity

(Continued)

The following is the method/steps of the County Treasurer's Office for its daily posting of receipts:

1. Four of the five cashiers of the County Treasurer's Office begins each business day with \$200 in each cash drawer for use as change. The fifth cash drawer begins each day with \$50 for use a change fund and is used as part of the pay-in process. If a department delivers a pay-in but also needs change, this cash drawer is utilized for that purpose. Cashiers in the County Treasurer's Office collect moneys in two ways: either from customers at the counter or payments received through the United States Postal Service. Upon receiving moneys, the cashiers enter the receipts into the computer system. Each day, after the close of business for the day (which normally occurs at 3:00 p.m. each workday), each cashier counts his/her cash drawer to verify the amount. When amounts received for the day have been verified, the Chief Deputy Treasurer or a Deputy Treasurer enters information from each cashier's cash drawer onto the Daily Record of Business Transacted by Cashier Form. This form details the cash taken in during the day, as well as the amount deposited into the County treasury. The left-hand side of the form shows the Receipts from Outside and amounts From County Treasurer. The Receipts from Outside amount include amounts received for pay-in orders, vendor licenses, cigarette licenses, real estate tax (including the five and ten percent penalties), manufactured home tax, and estate tax. The From County Treasurer section allows for the entry of the amount of cash taken from the vault as needed for additional change. This section shows any returned checks, as well as how much was taken in the form of denomination. The right-hand side of the form shows the amount of the Deposit to Treasury. This reflects the amount for checks, returned checks, counter warrants, hundreds, fifties, twenties, tens, fives, ones, halves, quarters, dimes, nickels or cents.
2. Once the Daily Record of Business Transacted by Cashier Form is in balance for each cashier, the Chief Deputy Treasurer or a Deputy Treasurer takes the information from the individual sheets and records it on additional combining forms used to verify the day's collections. The information from the Receipts from Outside section is transferred to the Consolidated Collection Sheet. When cross-footed, this sheet shows the total day's collection of each type of revenue source (i.e., pay-in orders, vendor licenses, real estate taxes, etc.). Information from the right-hand side of the Daily Record of Business Transacted by Cashier Form for each cashier is entered by the Chief Deputy Treasurer or a Deputy Treasurer onto the Cashier's Currency Settlement Sheet. When footed across, totals are given for the daily receipt of checks, hundreds, fifties, twenties, etc. Then, cash information from the Cashier's Currency Settlement Sheet is then transferred by a deputy Treasurer to the Currency and Coin Work Sheet. This sheet contains the current balance of currency and coins that are stored in the vault. The information for the current day's collections is posted to this form and, when added to the prior balance, shows the total amount of money in the vault.

Scioto County – Scioto County

Report on Accounting Methods

Revenue Activity

(Continued)

3. Once Steps 1 and 2 above are complete, the information is transferred onto the Daily Statement of County Treasurer, which, as previously mentioned, is referred to by the County as Form 6. This form shows the current day's treasury collections as well as the total in the County's depository; thus, giving the County's total cash balance. This form is prepared by either the Chief Deputy Treasurer or a Deputy Treasurer at the end of each working day. The form is verified by the County Treasurer in the morning of the following work day. The following morning, the Chief Deputy Treasurer or a Deputy Treasurer enters all of the receipts from the prior day's Form 6 into the computer system. Once entered, the individual will run a printout and verify that the totals from the printout match the totals reported on Form 6.

Moneys are stored in the vault overnight until a deposit is made the day following collections. Deposits are made each workday morning either by the Chief Deputy Treasurer, a Deputy Treasurer or the County Treasurer. The balance held in the vault varies, as there is no minimum or maximum amount set to remain in the vault at all times. The amount held in the vault is verified twice daily.

Monthly, the County Treasurer reconciles the County's book balance to the bank balance. The County has its primary checking account with US Bank. The County also has checking accounts with PNC Bank and Fifth Third Bank. However, these accounts are used solely to account for investments of the County.

Any interest earned on the US Bank checking account is posted by the County Treasurer. Interest is prorated to the funds qualified to receive interest revenue based upon each fund's balance. For the PNC Bank and Fifth Third Bank accounts, interest earned and fees charged are recorded "net". The interest earned was not enough to cover the bank fees charged. Therefore, the interest earned was being utilized to help offset those bank fees with the County paying any remainder. Thus the reason for netting the interest. However, it has been several months since interest has been earned in either of these two accounts.

The County also has 2 CD's at PNC Bank. The interest is received and paid in monthly. The interest earned is split between four funds/departments: the General Fund, the Board of Developmental Disability, Economic Development, and the County Engineer. Interest is distributed based on an allocation percentage using the monthly ending fund balance of each fund required to receive the interest. This allocation is calculated by the Chief Deputy Treasurer utilizing month-end reports provided by the County Auditor's Office.

Scioto County does not currently impose any fees due to the receipt of checks with insufficient funds. The County Treasurer believes that, since this is such a rare occurrence, it is not worth the time and effort to impose and collect such fees. If a situation arises, the County Treasurer has been successful in rectifying the situation.

For 2011 and 2012, the Treasurer has prepared the year-end Report of the Treasurer, as required per Ohio Revised Code Section 321.39 and has submitted it to the County Commissioners.

Scioto County – Scioto County

Report on Accounting Methods

Revenue Activity

(Continued)

Sheriff's Office

Pay to Stay/Reception Fees – The County charges inmates who have been sentenced, or who have broken probation or parole, a one-time reception fee of \$20 and also \$20 for each day that they are incarcerated. Prisoners who were not sentenced (i.e., someone who is placed in jail overnight for being drunk and disorderly) are not responsible for the per diem charges.

When an individual is reporting to jail for incarceration, the individual must pay the reception fee of \$20. If the prisoner has any money available at the time of processing, that money is available to pay against this charge. Also, if there is an outstanding balance owed by the prisoner from a prior jail stay, any money in the individual's possession is taken and applied to the outstanding balance. If someone brings the prisoner money once he/she is incarcerated, that money is placed into the Inmate Fund and if there is an outstanding balance due for that prisoner, up to one-half of that prisoner's amount placed into the Inmate Fund can be taken from the prisoner's inmate account and applied to his/her outstanding balance.

When an inmate is released, he/she and the jailer sign a release form that details the amount the inmate owes for his/her incarceration. The release form indicates that the inmate will make monthly payments of \$20 until the balance is paid in full.

Payments for charges assessed to inmates are made at the receptionist's counter. Upon payment, the Sheriff's employee completes a receipt form. This form is in triplicate: the white copy is given to the individual making the payment; the yellow copy is retained by the Sheriff's Office; and the pink copy remains in the receipt book.

Contractual Services – The Sheriff's Office has contracts with surrounding counties/cities for housing inmates. Daily rates for these inmates are based on the agreed upon amounts designated in the individual contracts. Currently, the Sheriff's Office has contracts with Lawrence County for a daily amount of \$48 per inmate and Pike County for a daily amount of \$43.71 per inmate. The contracts state the number of beds for which each county/city agrees to pay, even if the beds are not occupied. The contract additionally states the amount that the entity will be charged if additional beds, over the contract amount, are occupied. Contracts are signed and approved by the Sheriff, the County Commissioners, the County Prosecutor and the contracting County Commissioners/City Council, Chief of Police/Sheriff, and County Prosecutor/City Solicitor. The Sheriff's Office also houses inmates for other various counties/cities; however, not through a contractual agreement. These entities are currently being charged a daily rate of \$60 per female inmate and \$55 per male inmate.

Each contracting entity is billed according to its contract terms. The Deputy Clerk at the Sheriff's Office sends a monthly invoice to the contracting entity. Included with the invoice is a list of inmates housed and dates each inmate was housed at the County jail. The daily rate and number of days are also listed on the invoices. In the event an inmate receives medical attention while at the County jail, the contracting or non-contracting entity of the inmate will also be billed according to the medical charges provided to the inmate. This information is also provided on the monthly invoice to each contracting or non-contracting entity. All invoices are signed by the Sheriff before distribution.

Scioto County – Scioto County

Report on Accounting Methods

Revenue Activity

(Continued)

When payments are received from the contracting entities, they are given to a Deputy Clerk who inputs the payments into the Sheriff's computer system (e.g., Quickbooks). The Deputy Clerk then places the payments in a storage room until they can be taken to the County Treasurer's Office by another Deputy Clerk. The deposits are taken to the County Treasurer's Office at least weekly. The storage room is locked when the Sheriff's Administrative Office is closed.

All accounts are monitored by the Sheriff and Deputy Clerk for delinquencies. In the event that a delinquent receivable exists, the Deputy Clerk will include a reminder note with the following month's invoice. It is not the practice of the Sheriff's Office to send delinquencies to a collection agency, as they have all eventually been paid in full.

The County's accounting system provides the County Commissioners with a receipt report that reports estimated year-to-date revenue, actual month-to-date and year-to-date receipts, and the uncollected balance for each fund. The accounting system also provides the Sheriff's Office with a monthly fund report that shows month-to-date receipts, disbursements and fund balance for each fund. These reports are reviewed by the Sheriff's Administrative Assistant. However, a reconciliation of the fund is not currently performed.

Auditor of State Comments

All County Offices / Departments

- In the absence of a policy allowing for the deposit of moneys beyond the next day as stated in Ohio Revised Code Section 9.38, the County needs to comply with Ohio Revised Code Section 9.38. The County should enact a policy that allows amounts not exceeding \$1,000 to be deposited within three business days of receipt.

County Treasurer

- The County Treasurer currently posts interest earnings net of bank fees. The County should record its interest earnings at the gross amount, as well as post expenditures for any associated bank fees.

Sheriff's Office

- The Sheriff's Office deposits moneys with the County Treasurer's Office "at least weekly". The Sheriff should follow Ohio Revised Code Section 9.38 by depositing all moneys received by the next day, or by enacting a policy that allows amounts under \$1,000 to be deposited within three business days.

Scioto County – Scioto County

Report on Accounting Methods

Purchasing Process

Description of an Effective Method for Purchasing

The process of purchasing goods or services should ensure that each transaction is properly authorized, documented, and recorded and the purchasing should be integrated with the budget. The process should include a justification of need and selection of the vendor with the best price, as well as authorization by an appropriate individual. In addition, authorization must include the fiscal officer's certification of the availability of funds and that the amount has been appropriated and is free from previously encumbered obligations. All purchase orders should be in written form clearly indicating the items, quantities, and unit cost. Authorized purchase commitments should be recorded against a budget line item in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Statutory Requirements

Several State laws govern the purchasing process. The requirements are as follows:

Certification of the Fiscal Officer – Each contract or order for the expenditure of money must be accompanied by a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing year, the amount required to meet the obligation in the year in which the contract is made, has been lawfully appropriated for such purposes and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate needs to be signed only by the subdivision's fiscal officer.

Blanket Certification of the Availability of Funds – The subdivision may utilize blanket purchase orders for authorizing obligations for a particular purpose that does not extend beyond year-end in an amount established by resolution of the County Commissioners. A general certification of this type may be established for any appropriate line item and need not identify a specific vendor. This type of purchase order is used for routine, recurring type items or for unanticipated emergencies. An itemized statement of obligations incurred and expenditures made under such certificate shall be rendered to the auditor or other chief fiscal officer before another such certificate may be issued, and not more than one such certificate per appropriation line shall be outstanding at a time.

“Super” Blanket Certification of the Availability of Funds – The super blanket certification permits the fiscal officer to certify any amount from a specific line item appropriation. The certification is authorized to be outstanding for any period up to the end of the fiscal year, and more than one certificate is permitted to be outstanding at one time. The certification must identify a specific line item appropriation in a specific fund. The certification may be limited to a specific vendor, if desired. A list of obligations incurred and expenditures made under each certification must be maintained by the fiscal officer.

Purchases that may be made through the use of a super blanket certificate are the services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor or appraiser by or on behalf of the subdivision; fuel oil, gasoline, food items, roadway materials and utilities; any purchase exempt from competitive bidding under Section 125.04, Revised Code, and any other specific expenditure that is a recurring and reasonably predictable operating expense.

Scioto County – Scioto County

Report on Accounting Methods

Purchasing Process

(Continued)

Then and Now Certification – It is intended that the fiscal officer’s certification be secured at the time a purchase order is issued or a contract is executed. If timely certification was not obtained, contracts or purchase orders may be certified at the time of payment but the certification must indicate that, both at the time the order was placed (then) and at the current time (now), a sufficient sum was appropriated for the purpose of such contract and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. If the amount exceeds \$100, the County Commissioners have 30 days from the receipt of such certificate to approve payment by resolution. If approval is not made within 30 days, there is no legal liability on the part of the County.

Authority to Contract – Contracts are approved by the County Commissioners and executed in the name of the County by the Clerk of County Commissioners. Section 308.14, Revised Code, gives the Board of Trustees of a regional airport authority the approval to enter into contracts with the United States government, the State government, counties, municipalities, townships, or other governmental agencies.

Bidding – Section 307.86, Revised Code, requires anything to be purchased, leased, leased with an option or agreement to purchase, or constructed, including, but not limited to, any product, structure, construction, reconstruction, improvement, maintenance, repair, or service by or on behalf of the County or contracting authority as defined in Section 307.92, Revised Code, shall be obtained through competitive bidding if the cost is estimated to exceed \$50,000. Exceptions to the competitive bidding requirements include contracts for the services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor, or appraiser. Exceptions to competitive bidding can be found in Revised Code Sections 307.86(A)-(M).

Findings for Recovery Database – Effective January 1, 2004, Ohio law (Section 9.24, Revised Code) prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State on or after January 1, 2001, if the finding is unresolved.

Per Auditor of State Bulletin 2004-006, a contract for purposes of Section 9.24, Revised Code, is awarded when a written agreement is executed pursuant to a formal competitive contracting procedure that may include competitive bidding, requests for proposals, or invitations to bid. A purchase agreement that does not involve competitive contracting procedures does not constitute the awarding of a contract and is not subject to Section 9.24, Revised Code. For purchases made off the State term schedule, the Ohio Department of Administrative Services (DAS) engages in a contracting process as described under Attorney General Opinion 2004-014 and, consequently, is required to comply with Section 9.24, Revised Code. State agencies and political subdivisions that purchase off the State term schedule do not engage in their own contracting processes and are not subject to the provisions of Section 9.24, Revised Code.

Scioto County – Scioto County

Report on Accounting Methods

Purchasing Process

(Continued)

Section 9.24(G)(1)(a), Revised Code, states that the only contracts subject to the provisions of the statute are those contracts in which the cost of goods, services, or construction exceeds \$25,000. Section 9.24(G)(1)(b), Revised Code, provides an exception to this rule and applies the statute to a contract awarded to any person who, in the previous fiscal year, received contracts from the State agency or political subdivision, the aggregate of which exceeded \$50,000.

Terrorist Activity - Effective April 14, 2006, Section 2909.32 of the Revised Code, states that the director of public safety in accordance with Chapter 119 of the Revised Code is to identify licenses the state issues for which a holder with a connection to a terrorist organization would present a potential risk to the residents of this state. Also effective April 14, 2006, Section 2909.33 of the Revised Code, states that in accordance with 2909.32 of the Revised Code, a terrorist exclusion list shall be compiled and made available. Prior to entering into a contract to conduct business with or receive funding from any State agency, instrumentality, or political subdivision of the State, any person, company, affiliated group, or organization, may precertify that is has not provided material assistance to an organization on the terrorist exclusion list.

Delinquent Personal Property Taxes – Section 5719.042, Revised Code, provides that after the award by a taxing district of any contract let by competitive bid, and prior to the time the contract is entered into, the person making a bid shall submit to the district’s fiscal officer a statement affirmed under the oath that the person with whom the contract is to be made was not charged, at the time the bid was submitted, with any delinquent personal property taxes on the general tax list of personal property of any county in which the taxing district has territory, or that such person was charged with delinquent personal property taxes on any such tax list, in which case the statement shall also set forth the amount of such due and unpaid delinquent taxes and any due and unpaid penalties and interest thereon. If the statement indicates that the taxpayer was charged with any such taxes, a copy of the statement shall be transmitted by the fiscal officer to the County Treasurer within 30 days of the date it is submitted.

Campaign Financing (HB 694) - Section 3517.13 of the Revised Code states any bid or unbid contract, purchase order, or collective bargaining agreement with a value of more than \$10,000 requires the vendor to certify to the contracting authority that the vendor has not made a contribution to the contracting authority in an amount that exceeds the limits provided by law.

Administrative Code Requirements

Section 117-2-02(C)(2) of the Ohio Administrative Code states, “purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by Section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the fiscal officer’s certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services are made.”

Scioto County – Scioto County

Report on Accounting Methods

Purchasing Process

(Continued)

Methods Used by the County

A vendor listing is maintained by the County Auditor's Office. New vendors are added to the County's accounting system or an existing vendor's information can be changed as needed by any of the three Deputy Auditors upon the request of the individual departments completing a Vendor Form. Upon receiving a Vendor Form, the County Auditor's Office will check to see if the vendor is already established in the accounting system. If so, the "Vendor Form" is returned to the department with the vendor number listed. If an actual new vendor exists, the County Auditor's Office enters all relevant information from the Vendor Form into the accounting system and returns the form to the department with the vendor number listed. The County Auditor's Office requires a W-9 be submitted from all of its vendors. For those vendors who do receive an IRS Form 1099 from the County, an IRS Form W-9 is on file for all of them. It is the County's process to request an updated IRS Form W-9 from any vendor who is receiving an IRS Form 1099 each year.

The County Auditor's Office or appropriate department provides new vendors with the County's information as requested. For those vendors who make no requests, the information is not provided.

The County maintains pre-numbered purchase orders. These purchase orders are stored by the County Commissioners and are provided to the County Auditor's Office as necessary for distribution to the various departments. Each department is provided with the pre-numbered purchase orders and, at the point and time more is needed, a request is made to the County Auditor's Office. The County Auditor's Office documents the department, the number of purchase orders provided to it, and the number sequence of the purchase orders provided.

Once a department determines that a need exists to purchase an item or obtain a service from an outside vendor, a purchase order is prepared by the elected official, department head, or designee. The information provided on the purchase order is to include the date of the purchase order, the name of the vendor, the vendor number, department making the purchase, dollar amount being requested, description of the item or service being purchased, and the appropriation account code where payment will be made.

After the elected official, department head, or designee has signed the purchase order, it is taken to the County Auditor's Office for approval. The Deputy Auditor verifies the availability of appropriations within the appropriation account code against the accounting system. Once this is completed and it is determined that sufficient funds are available, the Deputy Auditor will initial and date the purchase order certifying the purchase order, as all purchase orders have the County Auditor's name already printed on them. The money is then encumbered and the purchase order is returned to the department once the information is entered into the accounting system by the Deputy Auditor.

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Report on Accounting Methods

Purchasing Process

(Continued)

If sufficient appropriations are not available at the legal level of control, the purchase order is given back to the department with no certification in place. The department must then decide what action to take regarding the purchase. It can do one of the following options: (a) the department could choose to make the purchase from another appropriation account code where appropriations do exist; (b) the department could move appropriations from one account code to another; (c) the department could ask for an increase in overall appropriations, or (d) the department could choose not to make the purchase at all. If the department chooses to move appropriations from one account to another or to increase overall appropriations, a supplemental appropriation resolution must be passed by the Board of Commissioners at the fund, department/function, object level. If the supplemental appropriation resolution is passed by the Board, the proper adjustments are recorded within the accounting system by the County Auditor's Office. At that time, the department will then resubmit the purchase order for certification. If the Board does not pass supplemental appropriations, one of the remaining options must be acted upon by the department. It could either make the purchase from another account code or not make the purchase at all.

The County issues three part purchase orders. The purchase order distribution is as follows:

- (1) White – Original that is attached to the voucher when an expenditure is made. When dealing with a blanket purchase order, this copy is attached at the time the final expenditure against the blanket purchase order is made.
- (2) Yellow – Copy that is kept by the County Auditor's Office for its records.
- (3) Pink – The department copy that is only returned to the County Auditor's Office if it is necessary to close or void a purchase order.

Once the purchase order has been certified by the County Auditor's Office, the orders are placed by the department. The orders are either delivered to the department or an individual from a specific department is sent to pick up the order. A purchase order can be cancelled at any time prior to the acceptance of the goods or services. To cancel a purchase order, the department must turn in both the white and pink copies of the purchase order. The Deputy Auditor will void the purchase order and retain the white copy. The pink copy is then returned to the department.

The County also has the ability to increase or change the purchase order after it has been certified by the County Auditor if the Deputy Auditor approves the change. However, the County's purchasing policy allows the County Auditor's Office to adjust the dollar amount of a purchase order only one time. The department must inform the County Auditor's Office of the change on the purchase order and submit it. Upon verifying that the change is valid (i.e., sufficient appropriations still exist, correct account number, etc.), the Deputy Auditor will update the accounting system and return the purchase order to the department.

Departments who are in charge of utility billings are required to issue purchase orders for them. The County also allows its departments to prepare blanket purchase orders and super blanket purchase orders as long as they are compliant with State budgetary law and the County's purchasing policy.

Scioto County – Scioto County

Report on Accounting Methods

Purchasing Process

(Continued)

Per the County's Purchase Order Guidelines and, as stated in Ohio budgetary law, any expenditure made without a properly executed purchase order or "Then and Now" Certificate is not a legal expenditure, and the County is not obligated to make payment. However, a department may request in writing that the governing board approve payment of the expenditure as a "Moral Obligation." The request should include detailed information about the expenditure and the reason that a purchase order or "Then and Now" Certificate was not executed. If the governing board does not approve payment as a "Moral Obligation," the County Auditor's Office will not pay the expenditure. Typically, each department uses "Then and Now" Certificates and Moral Obligations when appropriate. The County Auditor's Office monitors appropriations closely and provides reports to all departments to assist them in the monitoring of their appropriations.

The County and its departments maintain credit cards. The County's credit card policy states that any use of a credit card must be authorized by the County Commissioners, their designee, or elected official/department head. A proper purchase order must also be in place in order to make a credit card purchase. The elected official/department head should issue a signed authorization with a copy of the credit card policy to the employee approved to use the County's credit card. Receipts for credit card purchases are given to the elected official/department head by the person authorized to use the credit card. The receipts are compared to the invoices received from the credit card companies before payment is requested to be made by the County Auditor's Office.

The Board of County Commissioners relies on each elected official / department head to utilize the Auditor of State Findings for Recovery Base when entering into all contracts. If a contract is to be awarded, the elected official / department head should verify that the database has been checked and the contract may be entered into. For example, the Engineer's office prints off a copy of the database page as verification and includes it as part of the contract submission process. Per the Clerk of County Commissioners, not all departments submit this information before entering into contractual agreements.

Purchases over \$50,000, unless statutorily exempt, are required to be bid. Once a purchase is required to go through the bidding process, the department sends a written request to the County Commissioners to advertise for bids. At its meeting, the Board of Commissioners will authorize the Clerk of the County Commissioners to advertise for bids in a local newspaper. The Clerk places a bid notice in the local newspaper for two weeks and then the bids are opened on the third week. All bids, along with a bond or cashier's check, are collected by the Clerk who refers them to the elected official/department head. The bid bond is a guarantee that the contractor will honor the bid price from the date of bid opening until the contract is awarded. For the County, it is 10 percent of the contract bid amount and is part of the bid specification to provide a bond or cashier's check. The elected official/department head reviews the bids received and makes a written recommendation to the Board of Commissioners. The Board of Commissioners, in a public meeting, will award the bid to the recommended vendor.

The Clerk of County Commissioners will send the company awarded the bid a notification and a contract is prepared by the elected official/department head, contractor, or the Assistant Prosecutor depending upon which department is entering into a contract. The bonds/cashier's checks of the unsuccessful bidders are returned along with a letter notifying them of the successful bidder. Upon completion of being prepared and approval by the County Commissioners, the contract is sent to the company awarded the contract. In most cases, three copies of the contract are sent to the contractor to sign. The contractor must at that time provide a performance bond for 100 percent of the contract bid amount. The executed copies of the contract are returned to the department at which time the purchase order process is followed. Copies of the contract are provided to the contractor as well as the County Commissioners.

Scioto County – Scioto County

Report on Accounting Methods

Purchasing Process

(Continued)

Auditor of State Comments

- The County’s procedural manual should include the competitive bidding process as required by State law, as well as the requirements of the County.
- Not all County departments consistently utilize the Auditor of State Findings for Recovery Database when entering into all contracts. Section 9.24, Revised Code, prohibits a State agency or political subdivision from awarding a contract for goods, services, or construction paid for, in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State, if that finding is unresolved. The County should verify vendors against the State’s database of findings for recovery before entering into a contract for goods, services, or construction paid for in whole or in part with State funds.

Scioto County – Scioto County

Report on Accounting Methods

Cash Disbursements

Description of an Effective Method for Cash Disbursements

The processing of invoices should ensure that each payment represents goods or services that were properly authorized and received by the County. The processing should include a comparison of the invoiced items and quantities to the purchase order and billing slips or receiving copy of the purchase order, a comparison of the prices on the invoice to the purchase order, and the signature of the individual who made the comparisons. All invoices should be recomputed, ensuring accurate extensions and totals. A voucher should be prepared reflecting the proper payee, invoice amount and account codes, and should include a copy of the purchase order, invoice, and receiving report or a signed billing slip. A warrant should be prepared based on the completed voucher, the existence of appropriate vendor information (IRS Form 1099 data), and a properly executed certification by the County Auditor, and verification of adequate cash in the fund to pay the obligation. All warrants should be signed by the County Auditor and recorded in the cash journal and appropriations ledger. Vouchers should be filed numerically or by vendor.

State law places the following requirements on the disbursements of funds:

Warrants – Expenditures may only be made by a proper warrant drawn against an appropriate fund. The warrant must show upon its face the appropriation from which the expenditure is made and the fund from which it is drawn.

Restrictions – Money is drawn from the County treasury only for appropriations enacted by the County Commissioners. Appropriations from each fund may be made only for the purposes of such fund.

No Certification – If no certificate is furnished as required, upon receipt by the County Commissioners of a certificate of the County Auditor stating that there was at the time of the making of such contract or order, and at the time of the execution of such certificate, a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances, the County Commissioners may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution shall be passed within 30 days from the receipt of such certificate; provided that, if the amount involved is less than \$100, the County Auditor may authorize it to be paid without such affirmation of the County Commissioners, if such expenditure is otherwise valid.

Administrative Code Requirements

Section 117-2-02(C)(3) of the Ohio Administrative Code states “vouchers may be used as a written order authorizing the drawing of a warrant in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information.”

Scioto County – Scioto County

Report on Accounting Methods

Cash Disbursements

(Continued)

Methods Used by the County

The County has written documentation describing the procedures followed when making cash disbursements. These procedures are described as part of the County's Purchasing Policy.

The following information is the processes the County has for its various types of warrants:

Regular Warrants – Upon receiving an invoice relating to a purchase, an individual from the department that received the invoice will assemble a voucher packet. The voucher packet should include the white copy of the purchase order, the invoice to be paid, a prepared voucher and a copy of the invoice (or a remittance stub) to accompany payment to the vendor. It is the responsibility of that individual to compare the invoice with the purchase order to verify the information on both is correct. The individual is also responsible for verifying that all goods or services described on the invoice has actually been received or performed (i.e. quantities and prices are correct, all items ordered were received, etc.) before submitting the invoice for payment. Once all items are verified, the voucher packet is assembled and is provided to the County Auditor's Office for payment processing.

One of the Deputy Auditors examines and processes the bills for departments that have their own board, such as the Board of Developmental Disabilities, the Health Department, and Soil and Water Conservation. A different Deputy Auditor examines and processes the bills for the departments that the County Commissioners approve. The Chief Deputy Auditor takes care of these duties in either of the two Deputy Auditors' absence.

The Deputy Auditor processes bills for payment within five days of receiving the voucher packets from the departments governed by their own board. This is referred to by County personnel as the Five-Day Docket. The other Deputy Auditor processes bills for payment, usually the day before the County Commissioners' meetings. This is referred to by County personnel as the Various Docket.

The Deputy Auditors verify many items when processing the bills for payment. These items include the following: (a) that the vendor information stated on the purchase order matches the invoice, including name and address; (b) that the purchase order approval date is on or before the date of the invoice, noting that if the invoice date precedes the date of the purchase order, the voucher packet is returned to the department head so a proper Then and Now Certificate can be prepared; (c) that the amount shown on the invoice does not exceed the amount authorized on the purchase order; (d) that the appropriation account code indicated on the purchase order is the most appropriate one for the items or service for which payment is being requested; and (e) that all items being submitted for payment are proper expenditures (i.e., that the bill does not include sales tax, or, if it is a reimbursement, that alcohol is not included). However, the Deputy Auditor indicated that enough detail is not provided by all departments at the time of the creation of a purchase order to include quantities and descriptions of items. Therefore, when bills are processed for payment, the Deputy Auditor relies on the elected official/department head submitting the bill to have satisfied the requirements of verifying the price and quantity shown on the invoice is accurate.

Scioto County – Scioto County

Report on Accounting Methods

Cash Disbursements

(Continued)

When voucher packets have been reviewed and prepared for payment, the Deputy Auditors enter the bills into the accounting system to get them ready for printing. Performing this task allows for the printing of an Invoice Status Report. This report is printed in vendor number order and includes the vendor name, item description, purchase order number, appropriation account code, amount and the date the bill was entered for payment. Since the amounts and appropriation account codes are checked when the purchase orders are initially entered into the accounting system, the only verification that is done at this point of the process is that the total listed on the Invoice Status Report is compared to either an adding machine tape of the bills to be paid, or to a spreadsheet total of the bill amounts to be paid.

For the Various Docket bills, when everything appears to be entered correctly, a cover sheet is created to accompany the Invoice Status Report. This sheet is on the County Auditor's letterhead and is addressed to the Board of County Commissioners, Scioto County, Ohio. It then states: "Attached is the Docket for *meeting date*. This docket has been checked by this office and found to be accurate. Sincerely, David L. Green, Scioto County Auditor". Also included is the fund(s) and the total amount as shown on the "Invoice Status Report". Towards the bottom of the cover sheet are blank spaces to indicate the journal number, page number, date approved, the signature of the Clerk of the County Commissioners, as well as places for the three County Commissioners to sign and to re-write the amount that has been approved. Only two of the County Commissioners need to sign the cover sheet in order for the warrants to be approved for payment.

The Five-Day Docket bills are approved by the respective members of the boards at the monthly meetings. Usually the departments turn in a cover sheet with their docket that includes all of the board members' signatures. Nothing more is needed for the Deputy Auditor to proceed with paying the Five-Day Docket bills.

Once the bills are prepared and approved for payment, the warrant writing process may begin. Following are the steps taken by the County for this process:

- (1) The Invoice Status Report, as previously described, is printed and verified.
- (2) Once Step 1 is complete, the Deputy Auditor runs the procedure Transfer Invoices to Journal as Expense Journal report. This report generates on screen, which is used to again verify totals of all bills to be paid.
- (3) After completing Step 2 successfully, the Deputy Auditor performs the journal processing task titled Journal Entries by Batch Report, where totals are verified once again.
- (4) Then a temporary backup is performed so that the Deputy Auditor has a starting point in case any posting errors occur at a later time.
- (5) The batch is then approved to post. If there are problems with the posting, an error report is printed and none of the items in the batch are posted. The Deputy Auditor will correct any errors and the procedure is performed again until the Post Expense Journal Entries report prints. This report includes a total of all warrants to be paid, which is verified once again.
- (6) Next, the Deputy Auditor generates a Vendor Check Pre-Register report. This report presents the vendors (in order by vendor number), the appropriation account codes, and the amounts to be paid per invoice. This report also includes the total number of warrants to be written. This is again verified to previous steps. There is also a section of the Vendor Check Pre-Register report that shows the number of prepaid warrants written. This is always verified to be zero. Otherwise, entries are considered to have been misposted.

Scioto County – Scioto County

Report on Accounting Methods

Cash Disbursements

(Continued)

- (7) Once Step 6 is completed and it is determined that the checks are ready for printing, the Deputy Auditor will choose to Print Vendor Checks in the accounting system. This step requires the beginning warrant number and the date to be entered. The warrants are then loaded into the printer and printed.
- (8) Once the warrants have printed, a Vendor Check Register is generated. This report contains the same information as the Vendor Check Pre-Register report, only the Vendor Check Register report includes each warrant's number and its date. The first and last warrant numbers appearing on the Vendor Check Register are then verified.
- (9) The Deputy Auditor will then perform the task Update Audit Trail, which includes the warrant number and the date written, along with all of the aforementioned details.
- (10) The County Auditor's office also utilizes a Positive Pay system. The Deputy Auditor creates a Positive Pay file that is uploaded to US Bank. This file contains a listing of all warrants written by the County for a particular time period. With this file, US Bank can verify that a warrant presented for payment is legitimate or not. If a question arises, they can call the County Auditor's Office for any questions or verification.
- (11) Once all the above steps are completed, the Reset option is chosen within the accounting system. This option blanks out all information in the warrant writing system.

Once the warrants have been printed, they are run through a check signer to put the County Auditor's signature on them. The key to the check signer is kept on the key ring that also contains the key to the cabinet where the blank warrants are kept. They used to be separated, but were combined onto one key ring so that better security of both keys could be achieved. When warrants are being written, the key usually hangs in the lock of the cabinet where the blank warrants are held. The key is monitored by an Auditor's Office employee at all times. When not in use as well as at night, the keys are secured in the vault located in the County Auditor's Office.

After all warrants are printed, the Deputy Auditor who prepared the warrants for payment stamps the vouchers with the date paid. The warrant number is then written on the voucher. The Deputy Auditor also verifies that the amount on each warrant is correct and that the proper vendor is on the warrant before the warrants are mailed. If the warrants are held overnight before mailing, they are stored in the vault located in the County Auditor's Office.

The County Auditor's Office also maintains a manual listing of the warrant runs. This list, written on a three-column ledger sheet, lists the date of the warrant run, whether it was a Five-Day or Various Docket warrant run, the beginning warrant number, the ending warrant number, and the initial of the person who prepared the warrants.

The various reports generated during the warrant writing process are stored in a cabinet in the County Auditor's Office. The reports are maintained for the current calendar year and are stored either in the basement of the County Courthouse or in the storage building across the street from the County Courthouse until they can be destroyed. Also, the County does not prepare multiple copies of its warrants; therefore, no copies of any warrants are retained.

Once the warrants have been issued, the voucher packets for the current year are stored in the computer room of the County Auditor's Office. Once the calendar year has ended, the voucher packets are moved to storage until they can be destroyed.

Scioto County – Scioto County

Report on Accounting Methods

Cash Disbursements

(Continued)

Then and Now/Moral Obligation Warrants – The Deputy Auditor processes the warrant writing for all Then and Now Certificates and Moral Obligations. Then and Now Certificates and Moral Obligations are individually approved by the County Commissioners or other governing Board and each certificate must contain at least two signatures prior to payment. Other than these variances, the warrants for Then and Now Certificates and Moral Obligations are processed in the same manner as regular warrants.

Manual Warrants – The County Auditor’s Office never types manual warrants. On the rare occasion that a single warrant must be written, the warrant writing process is followed the same as a regular warrant run.

VOID Warrants – When a warrant needs to be voided, the warrant is stamped “VOID”. The warrant is then processed in the computer system by the Deputy Auditor as a voided warrant and maintained in a filing cabinet in the County Auditor’s Office and discarded once the County’s annual audit is complete.

Electronic Funds Transfers (EFTs) – The County utilizes electronic fund transfers (EFTs) for two primary transactions. The first is to satisfy the remittance of child support payments withheld from employees’ pay. The County utilizes a company called ExpertPay to submit its child support payments that are withheld from employees’ pay. After each payroll, a warrant is prepared for the total amount of child support withheld from all employees’ pays. The Deputy Auditor, who prepares the payroll for the County, accesses ExpertPay’s website and indicates the employee’s name and the amount paid on his/her behalf. ExpertPay deducts the total amount from the County’s checking account via an EFT and issues a payment verification. The Deputy Auditor then prints the payment verification from the ExpertPay website. ExpertPay submits the payment to the Ohio Child Support Agency. A register detailing the child support contributors and the amounts withheld is printed by the Deputy Auditor and given, along with the written warrant, to the County Treasurer’s Office. This allows the County to post the amount and expend it from its appropriations. Following payment, the Chief Deputy Treasurer, confirms with the bank that the child support payment has been withdrawn from the County’s account and prints a verification sheet. The Chief Deputy Treasurer then provides the verification printout to the Deputy Auditor.

The Payroll Department also pays Ohio Public Employee Retirement System (OPERS) retirement charges along with Anthem health insurance charges via EFT. The procedures for each are very similar to the procedures described in the previous paragraph.

The County’s bonded debt payments are also made via an EFT transaction. When the County’s bonded debt payment due date nears, the bank or collecting agency sends the following items to the Chief Deputy Auditor: an invoice indicating the name of the bond, the due date, the amount due and the vendor where the payment is to be remitted, and a verification of receipt form. The original invoice is given to the County Commissioners with a copy provided to the Chief Deputy Treasurer, along with the verification of receipt form. The Commissioners prepare a purchase order and, once approved, the voucher packet for the payment is prepared and submitted to the County Auditor’s Office. The County Auditor’s Office issues a memo check for the debt payment as the actual payment will be made via EFT. The memo check is then delivered to the Chief Deputy Treasurer as an indication that the payment can now be made.

Scioto County – Scioto County

Report on Accounting Methods

Cash Disbursements

(Continued)

Once a copy of the memo check is received, the Chief Deputy Treasurer then compiles a spreadsheet that lists the due date, account number, name of the bond, interest amount, principal amount, and total amount of the bonds to be paid. The list, along with the verification of receipt, is faxed to the bank. The bank then remits the payments as directed by the Chief Deputy Treasurer. The Chief Deputy Treasurer then prints a verification of the payment from the bank's website. The County Treasurer's Office posts the payments into the computer system, thus reducing the County's book balances to coincide with the withdrawal from the bank.

Auditor of State Comments

- The County Auditor should require a signature, or at least the initials of the department head or designee, on each invoice submitted for payment, indicating that the invoice or other documentation has been checked for accuracy and that the goods or services have been received.

Scioto County – Scioto County

Report on Accounting Methods

Payroll Processing

Description of an Effective Method of Payroll Processing

The processing of the payroll should ensure that all employees are compensated on a regular basis for work performed and at the rate approved by the appointing authority. All compensation should be recorded in a permanent record reflecting the hourly rate and hours worked or salary, deductions, and the gross net compensation for the pay period and the year. Standard deductions such as pension, Medicare, and Federal and State taxes, should also be computed at the applicable rates established by the regulatory agencies. Other deductions permitted by the employer should be authorized by the employee and the authorization should be maintained in a file. Payment of the net compensation should be by a check signed by the appropriate official or by direct deposit to a bank account of the employee. Payment of deductions and the related employer obligations should be made timely and reported in the format prescribed by the regulatory agency. Personnel files should contain information of the benefits that the employee has selected, withholding forms and any other information required by Federal and/or State laws. Safeguards should be in place to ensure that the same individual does not hire personnel, authorized pay rates, process payroll, generate and distribute pay checks, and reconcile the bank accounts.

Statutory Requirements

Compensation of County officials is outlined in the following Ohio Revised Code Sections: auditor, 325.03; treasurer, 325.04; sheriff, 325.06; common pleas clerk, 328.08; recorder, 326.09; commissioners, 325.10; prosecutor, 325.11; engineer, 325.14; and coroner, 325.15.

Section 325.27, Revised Code, permits County officials to appoint and employ the necessary employees for their respective offices and determine the compensation of those employees. The employees' compensation is not to exceed the amount fixed by the Board of County Commissioners for that office.

Section 325.19, Revised Code, states that all full-time employees of the County shall earn vacation leave. The code section further defines how the leave shall be accrued and when it is permissible to carry it forward. Employees of county departments of jobs and family services accrue vacation pursuant to Section 124.13, Revised Code.

Methods Used by the County

All full and part-time employees are compensated biweekly except for the Court of Common Pleas officials, the Court of Common Pleas Jury Commission employees, the Court of Common Pleas employees, the Coroner and his employees, the Municipal Court officials and their employees, the Board of Elections board members, the Veteran Services board members, the Domestic Relations official, the Board of Health employees, the Undivided Inheritance Tax employee, and the Court of Common Pleas Multi-County Mediation Program employees who are all paid on a monthly basis. All monthly payrolls are paid on the last day of each month. All full and part-time employees are paid bi-weekly, usually over 26 pays. Each pay period begins on a Saturday and ends on the second Friday following the pay period beginning date. Pay checks are distributed by department heads who may sign for the pay checks and distribute them to employees after 2:00 p.m. on the Thursday before the pay date. Employees of the County who are governed under a bargaining unit contract or personnel manual are paid in accordance with these documents. All other employees of the County are governed and paid in accordance with statutory requirements, unless the County has adopted a resolution to supersede the statutory requirements. All employees receive an earnings statement with each pay check that indicates gross and net earnings, hourly rate, withholding information (for the pay period and the year to date), leave time used during the pay period, and leave balances as of the end of the pay period.

Scioto County – Scioto County

Report on Accounting Methods

Payroll Processing

(Continued)

Employee personnel files are maintained by the Payroll Clerk within the County Auditor's Office. The personnel files include a new hire form detailing the employee's information, job title, job function, and hire date; wage amount and any changes made to the employee's wage at the time of hire; withholding information; benefits information; voluntary deduction forms; direct deposit authorization; and any other information the County chooses to retain about the employee. The County's payroll software has an employee record for each employee which consists of the information kept in the personnel files. Employee records are maintained by the Payroll Clerk and changed only upon the receipt of a Status/Payroll Change Report or a memo from the department head requesting any changes.

The County has both bargaining unit and non-bargaining unit employees.

Bargaining Unit Employees – The County's bargaining unit employees are associated with five negotiated agreements as follows:

County Engineer – The salaries and benefits of the employees of the Scioto County Engineer's department are governed by a negotiated agreement between the Scioto County Engineer and the American Federation of State, County and Municipal Employees, Ohio Council 8, Local #1354. The terms and conditions of the current collective bargaining agreement between the parties cover the period of December 1, 2012, to November 30, 2013. The contract has detailed information pertaining to compensation, fringe benefits, absences, leave accruals, and overtime compensation.

Sanitary Engineer – The salaries and benefits of the employees of the Scioto County Sanitary Engineering department are governed by a negotiated agreement between the Scioto County Sanitary Engineering Department and the General Truck Drivers and Helpers Local Union No. 92. The terms and conditions of the current collective bargaining agreement between the parties cover the period of January 1, 2011, to December 31, 2013. The contract has detailed information pertaining to compensation, fringe benefits, absences, leave accruals, and overtime compensation.

Sheriff's Office – The salaries and benefits of the employees of the Scioto County Sheriff's department are governed by a negotiated agreement between the Scioto County Sheriff's Office and the Fraternal Order of Police, Ohio Labor Council, Inc. The terms and conditions of the current collective bargaining agreement between the parties cover the period of November 1, 2011, to October 31, 2014. The contract has detailed information pertaining to compensation, fringe benefits, absences, leave accruals, and overtime compensation.

Department of Job and Family Services – The salaries and benefits of the employees of the Scioto County Department of Job and Family Services are governed by a negotiated agreement between the Scioto County Department of Job and Family Services, the Scioto County Commissioners, and The Ohio Council 8, American Federation of State, County, and Municipal Employees, AFL-CIO and Local #3501. The terms and conditions of the current collective bargaining agreement between the parties cover the period of January 1, 2013 to December 31, 2015. The contract has detailed information pertaining to compensation, fringe benefits, absences, leave accruals, and overtime compensation.

Scioto County – Scioto County

Report on Accounting Methods

Payroll Processing

(Continued)

Children Services – The salaries and benefits of the employees of the Scioto County Children Services department are governed by a negotiated agreement between the Scioto County Children Services, the Scioto County Commissioners, and AFSME Local #2718. The terms and conditions of the current collective bargaining agreement between the parties cover the period of January 1, 2012 to December 31, 2014. The contract has detailed information pertaining to compensation, fringe benefits, absences, leave accruals, and overtime compensation.

Non-Bargaining Unit Employees – The County’s non-bargaining unit employees are associated with various policies and procedures as follows:

Board of Developmental Disabilities – The salaries and benefits of the employees of the Scioto County Board of Developmental Disabilities are governed by a personnel policy and procedure manual adopted by the Scioto County Board of Developmental Disabilities. The policy has detailed information pertaining to compensation, fringe benefits, absences, leave accruals, and overtime compensation.

Other – The salaries and benefits of the County’s other employees not previously mentioned, including full-time hourly employees and those appointed or employed by the elected officials, are governed by the various Ohio Revised Code sections.

Elected Officials – The salaries and benefits of the elected officials of the County are governed by the various Ohio Revised Code sections mentioned above as well as House Bill 712.

The County Auditor’s Office maintains copies of all up-to-date personnel policies that are followed by each non-bargaining unit department. However, they no longer keep a copy of each collective bargaining agreement on file in their office. These agreements are accessible electronically and can be reviewed or printed by the payroll clerk at any time. However, should a new version of a contract not be readily available electronically, the payroll clerk can call a department and get a copy without issue.

Overtime and Compensatory Time – Employees work overtime in all departments at the discretion of the department heads, many of whom are elected officials. The overtime rate for all employees is time and one-half of the employee’s hourly rate. Compensatory time may be earned in place of paid overtime at time and one-half for all employees except employees of the Scioto County Engineer’s department. The employees of the Scioto County Engineer’s department are not eligible for compensatory time.

Scioto County – Scioto County

Report on Accounting Methods

Payroll Processing

(Continued)

Leave – Vacation and sick leave is credited to each employee at the accrual rates indicated in the negotiated agreement, policy or procedure manual, resolution, or the Ohio Revised Code. County policy also allows three sick leave days that can be used as personal days. These are sick leave days that can be used for any reason. All departments are required to use a leave form. Leave forms are to be completed before any employee takes leave time, except sick leave for illness. All leave time is approved by the department head. At the end of each pay period, any leave time utilized by an employee is recorded on the Payroll Transmittal Report by the department head. Leave time used is recorded in the payroll system by the County Auditor's Payroll Clerk based on the submitted Payroll Transmittal Reports. If an employee attempts to use more leave time than the employee has available, the department head is notified and the appropriate adjustments are made to the Payroll Transmittal Reports. The payroll system maintains leave balances for vacation and sick time for all departments except the Department of Job and Family Services, the Board of Developmental Disabilities, the Sheriff's Office, and one employee of the Board of Children Services. For these departments, leave balances information is kept and maintained within each department. In the past, the County has tried to incorporate tracking these leave balances in the current payroll system. However, due differences associated with the negotiated agreements or personnel policies, it created issues within the payroll system and the information could not be calculated accurately. Therefore, these departments continue to track their own leave balances and submit reports to the County Auditor's Office when requested. Leave time used is printed on each employee's pay stub each pay.

Payroll Deductions – Payroll, tax, and retirement forms are completed by each new employee at the County Auditor's Office. The Payroll Clerk enters the employee's personal and salary information into the payroll system and creates the employee's personnel file. After completing this process, the Payroll Clerk will then notify the appropriate retirement system of the new hire.

Payroll deductions for federal tax withholding, Medicare, state tax withholding, municipal and school income tax withholdings, Ohio Public Employees Retirement System (OPERS), State Teachers Retirement System (STRS), and employee elected deductions are processed through the payroll system on a biweekly and monthly basis. After payroll is closed, whether biweekly or monthly, the Payroll Clerk runs a Tax Withheld Report, a Deduction Withheld Report, and a Retirement Withheld Report. The totals of all of the deductions are entered in the pay deductions file in LOTUS (a spreadsheet program). The total gross and net amounts within the LOTUS file are then compared with the net and gross amounts from the Payroll Distribution Report to verify that all employees' withholdings and deductions were entered properly. The Payroll Clerk will then prepare the necessary vouchers to make payments for all the withholdings and deductions. The vouchers are given to the Budgetary Clerk so checks can be issued for the payroll withholdings and deductions. Once the checks are prepared, they are returned to the Payroll Clerk. Then the checks and a deposit slip are taken to the bank by an employee of the County Auditor's Office, who returns with a receipt issued by the bank. The total on this receipt is compared by the Payroll Clerk to the earlier process to verify the correct amount was deposited. Only the federal and State tax deposits along with certain employee-requested deductions are treated in this manner. All other checks are mailed when necessary.

Scioto County – Scioto County

Report on Accounting Methods

Payroll Processing

(Continued)

For the federal tax withholdings and Medicare withholdings, aside from mailing the checks, the Payroll Clerk contacts the Federal Electronic Tax Payment System and enters the payment information including the federal withholding and Medicare amounts and receives an acknowledgment number. For the State tax withholdings, the Payroll Clerk contacts the State of Ohio Electronic Funds Transfer Program and enters the payment information and receives a reference number. For income tax withholdings, remittance is made to the taxing district monthly. However, the Payroll Clerk prepares a voucher and the Budgetary Clerk prepares a check during each pay period for the withholdings. The checks are maintained in a locked cabinet within the Payroll Clerk's office. After the last pay in each month, a Tax Withheld Summary is run to determine the remittance of income tax for each taxing district for the month. The Payroll Clerk will then complete a Form W1, which is an employers' withholding form for income tax distribution. The Payroll Clerk will distribute Form W1 along with the checks prepared each pay period to the appropriate taxing district.

OPERS deductions are processed on a biweekly basis. However, payment is only remitted to OPERS monthly. Once the checks are prepared and returned to the Payroll Clerk after each pay period, the checks are stored in a safe until the last pay period of the month has been processed. After the last pay in each month, a report is run for OPERS to determine the amount of remittance for retirement. The Payroll Clerk will then file an OPERS report electronically. The OPERS report and payment are due on the last day of the following month. The Payroll Clerk will also generate a report on a biweekly basis that details the employer's share of STRS remittance and file this report electronically with STRS. The Payroll Clerk will submit a voucher to the Budgetary Clerk who will prepare a check for payment. The STRS report and payment are submitted to STRS on a biweekly basis.

Other elective deductions, such as Christmas club, Desco Credit Union, and Union 187, are processed each pay period. Employee healthcare is paid into the County Treasurer's Office each pay period and remitted when due. Child support and garnishment processing fees are paid into the County Treasurer's Office each pay period. Child support payments are remitted directly to the Department of Job and Family Services and any garnishments of wages are remitted directly to the issuing court each pay period via electronic fund transfers.

All checks that are prepared by the Budgetary Clerk but not immediately distributed to the vendor are kept within the filing cabinet located in the Payroll Clerk's Office. This filing cabinet is locked each evening and the three sets of keys (maintained by the County Auditor, Chief Deputy Auditor, and Payroll Clerk) are locked in the safe each evening.

Scioto County – Scioto County

Report on Accounting Methods

Payroll Processing

(Continued)

Payroll Processing – All departments of the County, except the County Engineer’s department use a Payroll Transmittal Report to provide the following information for each employee to the Payroll Clerk: regular hours worked, overtime hours worked, vacation, sick, and overtime hours used, overtime hours earned, and rate of pay. The County Engineer’s department uses their own forms for providing the same basic information to the Payroll Clerk. Each department head reviews the Payroll Transmittal Report and makes any necessary changes to each departmental employee’s hours worked, leave usage, compensatory hours earned, overtime worked, or rate of pay. The department head will also note if any leave buyouts, health insurance incentives or cost savings hours are necessary. The department head then calculates each employee’s gross pay, signs the Payroll Transmittal Report, and sends it to the Payroll Clerk no later than 4:30 p.m. Friday the week before the pay date for further processing. Any other information or changes provided to the Payroll Clerk, such as new hires, healthcare changes, or employee information, are processed as the information is received by the Payroll Clerk. For example, if a department has a new hire, a packet of forms is completed by the new employee and returned to the Payroll Clerk within three business days after the hire date. The Payroll Clerk verifies and enters the employee into the payroll system, activates healthcare, if applicable, and retirement, and establishes deductions. The Payroll Clerk also maintains a LOTUS file each pay that tracks all employee’s deductions and tax withholdings. Any changes to an employee’s record are maintained in his/her personnel file.

As the Payroll Clerk receives the Payroll Transmittal Reports from the various departments, the Payroll Clerk verifies the totals of the gross payroll for the department and verifies the elected official, department head, or authorized designee has signed the Payroll Transmittal Report. The Payroll Clerk will then obtain an Expense Audit Trail Report with month to date detail and a Statement of Cash Position with month to date detail from the Budgetary Clerk. The Payroll Clerk verifies that there are sufficient appropriations remaining with each appropriate account code to cover each department’s payroll. The Payroll Clerk will also verify that sufficient cash balances exist in each fund to cover each department’s payroll. If a department does not have sufficient appropriations or cash balance to cover its payroll needs, the department is notified and documentation is requested by the Payroll Clerk to show that sufficient cash and/or appropriations will be in place to cover payroll at the time of payment.

The Payroll Clerk will then generate new Payroll Transmittal Reports to be used by the departments for the next pay period. The Payroll Clerk will then use the current Payroll Transmittal Report and enter the hours from it into the payroll system. A Leave Accrual Change Report is then generated, showing any changes made to an employee regarding maximum accruals or rate changes. A Personal Leave Report is also generated by the Payroll Clerk, showing vacation, sick, and compensatory time used and earned in a pay period, as well as the employee’s beginning and ending leave balance for each leave type. The Payroll Clerk will verify that these reports reflect the proper changes for the pay period and that the leave usage by the various employees was entered properly.

Scioto County – Scioto County

Report on Accounting Methods

Payroll Processing

(Continued)

Upon calculating pay, the Payroll Clerk will generate a Gross Pay Summary Report, a Deduction Summary Report, and a Fringe Report. The Payroll Clerk verifies that the Deduction Summary Report and the Fringe Report ties to the LOTUS file maintained each pay period. The Payroll Clerk verifies that the Gross Pay Summary Report ties to the total gross pay from all the Payroll Transmittal Reports received from the departments. After these verifications, the Payroll Clerk will generate a Detailed Distribution Report which results in calculating the employees' net pay. The Payroll Clerk then generates payroll checks and direct deposit checks from the payroll system; previews them; saves them; and prints them. The direct deposit file is sent to the bank electronically by 12:00 p.m. on the Wednesday preceding the pay date. The direct deposit is then confirmed via telephone with the bank. Upon receiving this confirmation, the Payroll Clerk will generate a check register and verify all totals. Payroll checks may be picked up by department representatives as named on the payroll pick-up list after 2:00 p.m. on the Thursday preceding the Friday pay date and distributed to employees.

After payroll is closed by the Payroll Clerk, a Positive Pay file is generated and uploaded to US Bank. All checks are sorted and placed in a safe, payroll reports are generated to balance pay deductions to the LOTUS file and create payment vouchers for the various deductions, including the employees' and employer's share of payroll taxes, the employer's share of Medicare, the employer's share of STRS, and other elective deductions. Vouchers are given to the Budgetary Department who will issue the necessary checks and return them to the Payroll Clerk on either the Thursday preceding the pay date or on the pay date. The Budgetary Department also processes the fund transfers which deduct the gross payroll amount and employer's share of the various payroll deductions from the appropriate funds and account codes of each department and transfers them to the agency funds established for each individual deduction. All payroll warrants and payroll deductions are then paid from the appropriate payroll agency fund.

Retirement – When an employee wishes to retire, the employee will file a retirement application and all other necessary forms with the appropriate retirement system. The employee will then notify the department head of the effective date of retirement. The department head submits a Status/Payroll Change Report to the Payroll Clerk immediately. The Payroll Clerk accesses the employer contribution system online of the respective retirement system and examines the Pending Requests Certification of Final Payroll. If the employee is listed here, the Payroll Clerk gathers information from the department head to complete the SRF 85 Certification of Final Pay. The SRF 85 Certification lists the employee's job title, final earnable salary date, final reporting period end date, and if the position was law enforcement. The department head also completes a Payroll Transmittal Report that lists the buyout hours and amounts for any vacation, sick leave, or compensatory time balance to be paid. The Payroll Clerk will compare the Payroll Transmittal Report to the carryover chart for the maximum allowable leave and perform calculations to verify that the employee is not receiving an overpayment of time. The Payroll Clerk also verifies that the employee meets the minimum age and service eligibility requirements to retire and receive a severance payment. Upon retirement, employees receive payment for all unused vacation and compensatory time. Sick leave is paid at various rates depending upon negotiated agreements, policy or procedure manuals, resolutions, or the Ohio Revised Code. Severance payments are usually done on the next payroll after all regular hours have been paid.

Auditor of State Comments

- None

Scioto County – Scioto County

Report on Accounting Methods

Debt Administration

Description of an Effective Method of Debt Administration

The issuance of debt is strictly controlled by State statute. An ordinance authorizing the issuance of debt must be passed by the Board of Commissioners. The statute authorizing the issuance of debt should be identified in the ordinance as well as the purpose of the debt, the maturity, interest rate, and the source of revenue to be used for repayment. Debt proceeds should be receipted into a separate fund and used only for the purpose specified in the authorizing ordinance. Moneys to be used for debt payments may be receipted into a separate fund created specifically for debt retirement. Care should be taken to ensure the timely payment of both principal and interest.

Statutory Requirements

General statutory guidelines regarding the issuance of debt are found in Chapters 133 and 5705 of the Revised Code. The statutory requirements vary depending on the nature of the debt being issued.

Section 133.07(A), Revised Code, provides a County shall not incur, without a vote of the electors, net indebtedness for all purposes that exceeds an amount equal to one per cent of its tax valuation nor net indebtedness for the purpose of paying the County's share of the cost of the construction, improvement, maintenance, or repair of state highways that exceeds an amount equal to one-half of one per cent of its tax valuation.

Section 133.07(B) explains that a County shall not incur total net indebtedness that exceeds an amount equal to one of the following limitations that applies to the County:

- (1) A County with a valuation not exceeding one hundred million dollars is limited to total net indebtedness of three per cent of that tax valuation;
- (2) A County with a tax valuation exceeding one hundred million dollars but not exceeding three hundred million dollars is limited to total net indebtedness of three million dollars plus one and one-half per cent of that tax valuation in excess of one hundred million dollars; and
- (3) A County with a tax valuation exceeding three hundred million dollars is limited to total net indebtedness of six million dollars plus two and one-half per cent of that tax valuation in excess of three hundred million dollars.

Scioto County – Scioto County

Report on Accounting Methods

Debt Administration

(Continued)

Methods Used by the County

Debt issuances are authorized by the Board of Commissioners. To authorize a debt issue, the Board of Commissioners pass a resolution identifying the project for which the debt is being issued, the purpose of the project, the amount of the debt issue, the source of funding for debt service, and the on-going disclosure requirements, if applicable. The issuance of general obligation bonds and bond anticipation notes are handled through bond council.

When the County has bond anticipation notes that are soon to mature, the County's bond council sends a letter to the County Commissioners about two months in advance of the maturity of the bond anticipation notes. Upon receipt of this notification from bond council, the Clerk of the County Commissioners sends a letter or places a phone call to bond council letting them know the County's intentions concerning the notes (i.e., if the notes are to be refinanced or replaced with the issuance of bonds). Bond council then initiates the appropriate proceedings based upon the County's intentions.

Sanitary sewer debt issues are handled differently within the County than other debt issues. When it is necessary to issue debt for a sanitary sewer project, the Sanitary Engineer submits a request for such need to the Board of Commissioners. The Board passes a resolution authorizing the Chairman of the Board of Commissioners to apply for a loan. The Sanitary Engineer completes an application requesting the loan and the Chairman of the Board signs the application. The application is then submitted to the appropriate agency from which the loan is being requested. The loan is either approved or denied by the authoritative individual at the agency. Once approved and signed, the loan application is returned to the County. The County had several outstanding Sanitary sewer loans, all of which are either with the Ohio Public Works Commission or the Ohio Water Development Authority.

Covenants for certain debt issues require on-going disclosure of information, such as annual financial statements, to various organizations, such as financial institutions serving as intermediaries for debt service payments and information repositories for municipal securities. The purpose of such disclosure is to provide information that would have an effect on the debt issues to the public and to the bondholders. It is the County Auditor's responsibility to provide the on-going disclosure information to the proper individuals or organizations. In order to comply with this responsibility, the County Auditor maintains a list of the individuals or organizations to which it is necessary to send the County's annual financial statements once the annual audit is completed.

The County's general obligation debt payments are monitored by the Clerk of the County Commissioners. The County receives invoices for its scheduled general obligation debt payments. The Clerk of the County Commissioners compares the amounts shown on the invoices to each of the amortization schedules of the debt issues to confirm that the amounts agree and are correct. The Clerk of the County Commissioners then submits the voucher packet to the County Auditor's Office for payment. The County Auditor's Office makes its debt service payments via an EFT.

Scioto County – Scioto County

Report on Accounting Methods

Debt Administration

(Continued)

General revenues are used to retire the County's governmental debt. Pledged revenues in the form of charges for services, which are derived from revenues collected for sewer services provided to customers, are used to retire the obligations of the County's Business-Type Activities obligations. The County's debt is as follows:

Debt Issue	Interest Rate	Issue Date	Issue Amount	Outstanding Balance as of 12/31/12	Maturity Date
Business-Type Activities:					
<u>General Obligation Bonds Payable</u>					
Franklin Furnace Sewer Improvement Bonds	4.50%	1997	\$846,000	\$681,716	06/12/37
West Portsmouth Sewer System Refunding Bonds	4.50%	1999	2,880,000	995,000	12/01/17
Wheelersburg Wastewater Treatment Bonds	4.50%	2004	1,200,000	1,078,890	01/01/44
Rigrish Sewer Bonds	4.50%	2006	322,000	301,792	08/01/46
<u>Loans Payable</u>					
FHA Bonds - West Portsmouth Improvement Loan	5.00%	1993	825,000	616,300	07/01/33
FHA Bonds - Lucasville Phase II	4.50%	1995	650,000	499,760	04/01/35
FHA Bonds - Lucasville Phase III	3.86%	1996	842,500	663,663	04/01/36
FHA Bonds - West Portsmouth Phase VII	4.50%	1999	825,000	692,740	07/01/39
FHA Bonds - Lucasville Phase IV	4.75%	2001	347,940	291,060	06/01/36
Ohio Public Works Commission Loan	0.00%	2002	162,352	81,172	07/01/22
Ohio Public Works Commission Loan	0.00%	2004	162,100	97,252	07/01/24
Ohio Public Works Commission Loan	0.00%	2006	235,543	170,764	01/01/27
Ohio Public Works Commission Loan	0.00%	2006	9,482	6,875	01/01/27
Ohio Public Works Commission Loan	0.00%	2008	201,860	166,535	01/01/29
Minford Area Wastewater Loan	5.47%	2009	409,291	390,786	01/01/15
Wastewater Design for Minford, Clarktown, Muletown, and Rubyville Loan	0.00%	2009	350,075	350,075	01/01/29
Eden Park Planning and Design Loan	0.00%	2009	129,000	129,000	01/01/29
Ohio Public Works Commission Loan	0.00%	2009	165,000	144,375	01/01/30
Wastewater System Design, Minford Project	0.00%	2011	922,208	633,861	07/01/17
Ohio Public Works Commission Loan	0.00%	2012	181,000	45,743	01/01/32
Eden Park Extension USDA Loan	4.50%	2012	400,740	367,000	12/11/42

BUSINESS-TYPE ACTIVITY

General Obligation Bonds

The County has issued General Obligation Bonds supported by Sewer Fund revenues. The proceeds of the bonds were used to fund various improvement projects in the County's sewer system and to refund bonds previously issued for the same purpose.

The entire amount of the refunded bonds was repaid, leaving no balance still outstanding on the original debt.

Scioto County – Scioto County

Report on Accounting Methods

Debt Administration

(Continued)

Farmer's Home Administration (FHA) Bonds

The Farmer's Home Administration (FHA) General Obligation Bonds were issued for the purpose of replacing sewer lines. The bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 40 year serial bonds paid with revenues from the operation of the sewer system.

Ohio Public Works Commission (OPWC) Loans

The OPWC loans consist of money owed to the Ohio Public Works Commission for various sewer line and pump station renovation projects. These consist of 20 year general obligation loans payable. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund.

Ohio Water Development Authority (OWDA) Loans

The OWDA loans consist of money owed to the Ohio Water Development Authority for various sewer line and pump station renovation projects. These consist of 5 - 10 year general obligation loans payable. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund. The future debt service requirements for these loans are not presented in 2011 because the final amortization schedules had not been provided to the County as of the end of the year.

Scioto County – Scioto County

Report on Accounting Methods

Debt Administration (Continued)

Debt Issue	Interest Rate	Issue Date	Issue Amount	Outstanding Balance as of 12/31/12	Maturity Date
Governmental Activities:					
<u>General Obligation Bonds Payable</u>					
Shelton Industries Bonds	8.05%	1999	2,870,000	2,075,000	12/01/25
County Jail Bonds	2.00 - 5.00%	2004	6,135,000	4,745,000	12/01/29
2006 Various Purpose Refunding Bonds	4.00 - 4.25%	2006	2,930,000	2,185,000	12/01/26
<u>Loans Payable</u>					
Riverside Park Tractor Loan	2.50%	2011	10,808	6,999	11/03/14
Riverside Park RTV Loan	2.88%	2011	10,835	4,324	02/24/14
<u>Leases Payable</u>					
Public Assistance and Commissioners - Ameresco Project	3.98%	3/14/2006	1,252,357	567,947	10/13/16
Board of Developmental Disabilities - Ameresco Project	4.09%	10/24/2006	835,543	474,052	07/20/17
Children's Services - Ameresco Project	4.25%	1/8/2008	562,918	278,441	01/15/18
Board of DD Bus Garage	9.00%	10/1/2008	200,000	181,924	10/01/28
Board of DD-Copiers	6.40%	3/1/2009	25,206	7,074	03/01/14
Common Pleas Court House	8.90%	2/1/2010	49,129	12,818	2/1/2014
Dog & Kennel	11.25%	6/1/2010	17,257	6,963	06/01/14
Veteran's Office	8.90%	8/1/2010	11,816	5,436	08/01/14
Domestic Relations-Cannon	6.40%	9/1/2010	5,615	1,506	09/01/13
Board of DD	8.90%	9/1/2010	24,146	14,588	09/01/15
Sherriff- Dodge Chargers	5.75%	6/1/2011	212,816	70,865	6/1/2013
Board of DD- 2 Copiers	5.75%	7/1/2011	10,356	7,716	7/1/2016
Board of Elections -2011 Ballot Printers	3.33%	7/28/2011	53,772	35,867	2/18/2015
Common Pleas-Marshall Canon	5.75%	8/1/2011	13,864	9,591	8/1/2015
Board of Developmental Disabilities - Copiers	6.40%	2/19/2012	11,448	10,951	02/19/14
Common Pleas Court-Harcha	5.75%	4/1/2012	17,225	15,203	4/1/2017
Prosecutor's Office	5.75%	4/1/2012	17,641	15,571	4/1/2017
Board of DD - 2 Copiers	5.75%	4/1/2012	11,136	9,830	4/1/2017
Probate/Juvenile Court	5.75%	7/1/2012	19,696	18,262	7/1/2017
Commissioner's Office	5.75%	10/1/2012	8,690	8,439	10/1/2017

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and the refinancing of bond anticipation notes. General obligation bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 20 year serial bonds. The Shelton Industries Bonds are paid from general revenues of the County. The bonds are reported as part of unrestricted net assets because the proceeds were used for the renovation of a building owned by the Southern Ohio Port Authority. The Various Purpose and the Juvenile Detention Center Bonds are both being paid with tax monies receipted into the General Fund and then transferred to the Debt Service Fund. The Human Services Refunding Bonds, issued May 1, 2004, are being paid with monies received into the Debt Service Fund from the Public Assistance Special Revenue Fund. The refunded bonds were retired on August 1, 2004. The County Jail Bonds are being paid from general revenues of the County.

Scioto County – Scioto County

Report on Accounting Methods

Debt Administration

(Continued)

The 2006 Various Purpose Refunding Bonds were issued November 14, 2006, for the purpose of advance refunding \$525,000 of the 2000 Various Purpose Bonds, \$1,055,000 of the 2000 Juvenile Detention Center Bonds, the Human Services Building Acquisition Bond Anticipation Note in the amount of \$210,000, the County Jail Bond Anticipation Note in the amount of \$250,000, and the Various Purpose Bond Anticipation Note in the amount of \$700,000.

Developmental Disabilities Loans

The Board of Developmental Disabilities has an outstanding general obligation loan which was issued in 1986. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The proceeds from the loan were used to construct the building for STAR, Inc. The loan will be paid from the Board of Developmental Disabilities Special Revenue Fund.

Riverside Park Loans

During 2007, the County entered into a loan agreement with US Bank for the purchase of a tractor for Riverside Park. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The loan is being repaid from the General Fund.

During 2011, the County entered into a loan agreement with US Bank for the purchase of a tractor for Riverside Park. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The loan is being repaid from the General Fund.

During 2011, the County entered into a loan agreement with US Bank for the purchase of a rugged terrain vehicle for Riverside Park. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The loan is being repaid from the General Fund.

Auditor of State Comments

- None

Scioto County – Scioto County

Report on Accounting Methods

Inventory of Capital Assets and Supplies Inventory

Description of an Effective Inventory of Capital Assets

Capital assets of the County should be accounted for and reported in accordance with generally accepted accounting principles (GAAP). Capital assets of the County should be adequately safeguarded against loss or theft. The County should have a policy that defines capital assets, determination of cost, establishes capitalization thresholds and useful lives, method of depreciation, assignment of assets and depreciation expense to an expense function, tracking of capital and non-capital assets, and determination of salvage values. An inventory should be maintained that includes a description of each item, its cost, serial and/or model numbers, date of purchase, location, useful life, salvage value, depreciation information, fund and account used to purchase the asset, tag number, whether the item is leased, and current purchases and disposals. The inventory should be updated throughout the year for acquisitions and disposals. Verification of the listed assets should be performed at least annually. The purchase and disposal of an asset should be properly authorized and reported to the fiscal officer so that any proceeds from the disposal can be properly recorded, the asset can be removed from the capital assets listing, and insurance coverage can be discontinued. The transfer or re-assignment of assets should be approved by an appropriate official and promptly recorded.

Consumable materials and supplies include, among other things, office supplies, gasoline, salt and wastewater chemicals. Inventories, where appropriate, should be monitored, controlled, and physically counted periodically to determine the items and quantities in existence. A physical inventory of all material items should be conducted at or near the fiscal year-end date.

Section 305.18, Revised Code, states that “each county officer or department head shall make an inventory, on the second Monday in January of each year, of all the materials, machinery, tools, and other county supplies under the jurisdiction of such county officer or department head. Such inventory shall be a public record, made in duplicate, and one copy shall be filed with the clerk of the board of county commissioners and one copy with the county auditor.”

Administrative Code Requirements

Section 117-2-02(D)(4)(c) of the Ohio Administrative Code, requires that all local public offices should maintain capital assets records, including such information as the original cost, acquisition date, voucher number, asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

Methods Used by the County

Capitalized Assets – The County has a written policy to account for capital assets. The policy was placed into effect beginning January 1, 2007. The policy is examined periodically with any adjustments being addressed at that time. The policy defines capital assets that will be monitored by the County. This includes a detailed description of each asset category utilized by the County, along with examples of assets that would fall into each category. The County’s asset categories include the following: land and easements, land improvements, buildings and their service systems, furniture and fixtures, machinery and equipment, vehicles, construction in progress and infrastructure (including roads, bridges, box culverts, sanitary sewer lines, and sanitary sewer transfer stations). The policy also states that all assets are capitalized at historical cost or, if an asset is donated, the fair market value as of the date donated.

Scioto County – Scioto County

Report on Accounting Methods

Inventory of Capital Assets and Supplies Inventory

(Continued)

During 2003, an appraisal of all County assets was performed by Maximus. At that time, the County also began using an asset tracking system also designed by Maximus. The asset tracking system allows the County to track assets and contains information about each asset including, but not limited to, a description of the asset, the date of acquisition, the serial number or asset identification number if available, the asset's historical cost or fair value, the anticipated useful life, yearly and accumulated depreciation, the department responsible for utilizing the asset, and a salvage value, if deemed necessary.

The County's policy states that a \$5,000 threshold is to be maintained. For depreciable capital assets, the County uses the straight-line method of depreciation starting the month in which the asset was acquired. Depreciation expense is identified based on department or who is using the asset. For example, if an asset is being utilized by the Recreation Department, then the depreciation expense for that asset will be applied to the Recreation Department in the tracking system. All depreciable assets found in the tracking system have depreciation allocated appropriately based on the useful life and the month in which it is placed into service. The County Auditor's Office is responsible for ensuring that depreciation has been calculated properly. Assets which do not meet the threshold amount are accounted for as expenditures. Maintenance costs are not capitalized. Improvements that will add additional life to the asset or increase the asset's service capacity are capitalized.

The County Auditor's Office has accepted the responsibility of maintaining the asset tracking system. The responsibilities include the following: "interfacing with departmental contacts concerning the Capital Asset Management System (the "System") policies and procedures; monitoring purchase orders for asset types to be included in the System; processing asset additions, transfers, and disposals based on information received from County departments via Capital Asset Change Forms (discussed next); conducting periodic verifications of the System; and an annual review of the capital assets policy."

The County Auditor's Office has developed a Capital Asset Change Form which has been given to all County departments with additional forms available in the County Auditor's Office. When an asset is purchased, leased, donated, constructed, transferred or disposed of, a Capital Asset Change Form should be provided by the department utilizing the asset to the County Auditor's Office informing them as to its status. In addition, the asset policy states that "invoices for machinery, equipment, vehicles, etc. with a purchase price of \$5,000 or more will not be paid until the corresponding Capital Asset Change Form is received by the County Auditor's Office." Forms are received throughout the year as necessary. Once a form has been received, the County Auditor's Office updates the tracking system accordingly. Also, periodically, the County Auditor's Office will scan certain expenditures made by each department in an attempt to identify potential capital assets. If an item is questioned, the County Auditor's Office contacts the appropriate department and inquires about the expenditure. If it is determined that the expenditure is for a capital asset, the County Auditor's Office will not pay the bill until a proper asset addition form is completed and filed.

The County does not use identification tags to track its assets. Instead, when an asset is purchased, the assets' serial number (or VIN number for vehicles) is used to track the asset along with a detailed description of the asset itself (manufacturer, make, model number, year, location, etc.). The County utilizes this identification method due to these, in part, are already identification tag numbers provided by the manufacturer and are not easily removed. As part of the addition form, the department purchasing the asset is also identified in case future questions arise. For assets that do not have a serial or VIN number (such as buildings and infrastructure assets), a detailed description is utilized including, but not limited to, the address or location, building/road names, type of structure, etc.

Scioto County – Scioto County

Report on Accounting Methods

Inventory of Capital Assets and Supplies Inventory

(Continued)

At December 31st of each year, the capital asset reports prepared from the tracking system are used to prepare the information for the County's generally accepted accounting principles (GAAP) financial statements.

Consumable Inventory – The County does not have County-wide written policies or procedures for consumable inventory. In mid to late December of each year, the County's financial statement preparer sends out forms to all departments requesting information regarding their annual physical inventory. The form requests information such as identifying each department and the person responsible for preparing the information, an item description for each item on hand, the quantity on hand, the cost per item, a total cost for each item, and the total cost of all consumable items on hand for each department. The Board of County Commissioners also sends out a request letter at the end of each year requesting similar information. After preparing the information, each department is to submit the forms to the County Auditor's Office and/or to the Clerk of County Commissioners. These inventory forms are used as the basis for the amounts reported in the GAAP financial statements. When received by the Clerk of the County Commissioners, they are noted as being received and filed away for each year.

Auditor of State Comments

- The assets policy does not address the assigning of salvage values to assets. The policy should be updated to reflect how salvage values will be determined and who will make that determination.
- The County does not have written policies and procedures to account for consumable inventory. The County should prepare a policy for consumable inventory. The policy should include an annual year-end physical inventory. Procedures for performing the inventory should also be developed, documented and maintained by each department.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

Description of an Effective Method of Cash Management

Cash received by the County should be deposited in a central bank account with certain exceptions. Certain departments (Sheriff, Prosecutor, Courts) have been granted authority by the Ohio Revised Code to maintain individual accounts for certain types of monies they receive or collect. These accounts are to be maintained by each department and should follow all restrictions placed on those accounts, including but not limited to depositing monies and reconciling the bank statements in a timely manner. Moneys for all funds should be maintained in the account or temporarily used to purchase investments.

A reconciliation between the bank and the cash journal should be completed for all accounts on a monthly basis. The reconciliation should be completed immediately after the books are closed for the month and upon receipt of the bank statement. Reconciling items should be specifically identified and listed. Reconciling items, such as unrecorded deposits and bank charges, should be posted upon completion of the bank reconciliation.

Statutory Requirements:

Interim cash should be invested according to Section 135.14, Revised Code. The deposits of public money should be insured and/or collateralized to ensure repayment of public moneys deposited with financial institutions. Interest allocation should be in accordance with the Ohio Constitution and State statutes. Cash management and investment activities of a County are additionally governed by Ohio Revised Code Sections 135.01 to 135.21.

Section 135.14(O)(1), Revised Code, states, “Except as otherwise provided in divisions (O)(2) and (3) of this Section, no treasurer or governing board shall make an investment or deposit under this Section, unless there is on file with the Auditor of State a written investment policy approved by the treasurer or governing board. The policy shall require that all entities conducting investment business with the treasurer or governing board shall sign the investment policy of that subdivision.”

Section 135.14(O)(2), Revised Code, states, “If a written investment policy described in division (O)(1) of this Section is not filed on behalf of the subdivision with the Auditor of State, the treasurer or governing board of that subdivision shall invest the subdivision’s interim moneys only in interim deposits pursuant to division (B)(3) of this Section, no-load money market mutual funds pursuant to division (B)(5) of this Section, or the Ohio subdivision’s fund pursuant to division (B)(6) of this Section.”

Section 135.14(O)(3), Revised Code, states, “Divisions (O)(1) and (2) of this Section do not apply to a treasurer or governing board of a subdivision whose average annual portfolio of investments held pursuant to this Section is \$100,000 or less, provided that the treasurer or governing board certifies, on a form prescribed by the Auditor of State, that the treasurer or governing board will comply and is in compliance with the provisions of Sections 135.01 to 135.21, Revised Code.”

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

Section 321.46, Revised Code, requires that a County Treasurer attend annual training programs of continuing education. The Section states, in part, “The Treasurer of State shall determine the manner and content of the education programs in the subject areas of investments, cash management, the collection of taxes, ethics, and any other subject area that the Treasurer of State determines is reasonably related to the duties of the County Treasurer. The Auditor of State shall determine the manner and content of the education programs for governmental accounting, portfolio reporting and compliance, office management, and any other subject area that the Auditor of State determines is reasonably related to the duties of the County Treasurer.”

Section 9.38, Revised Code, requires that monies received by the County is to be deposited on the next business day following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of the monies received does not exceed \$1,000, the County shall deposit the monies on the next business day following the day of receipt, unless the County adopts a policy permitting a different time period, not to exceed three business days following the day of receipt, and the monies are safeguarded until they are deposited.

Federal Requirements

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that, in order for a depositor to have a valid claim to assets of a failed financial institution, there must be a security agreement. This agreement must have been:

1. In writing;
2. Executed by the financial institution and the depositor making the claim;
3. Approved by the board of directors or loan committee of the institution; and
4. An official record of the financial institution continuously from the time of its execution.

Methods Used by the County

County Treasurer’s Office – The County’s treasury activities are the responsibility of the County Treasurer. The activities include the acquisition and sale of investments and the transfer of cash assets among the various bank accounts. The Board of Commissioners adopted an investment policy in 1996 which they still continue to use. The policy has been filed with the Auditor of State.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

The County has three bank accounts with US Bank: a primary checking account, a payroll warrant clearing account, and a non-payroll disbursement warrant clearing account. The County also has an account with PNC Bank and one with Fifth Third Bank. The County has two non-negotiable certificates of deposit held with PNC Bank. There are also five cash drawers in the Treasurer's Office. Four of them have a \$200 change fund each. The fifth cash drawer has a change fund of \$50. The change funds are secured in the vault nightly.

On a monthly basis, the Chief Deputy Treasurer reconciles the bank statements. The Chief Deputy Treasurer maintains a cash journal for each bank account and reconciles each bank account to the cash journal for that account. The County Treasurer runs a Treasurer's Bank Report to show the monthly activity for each bank account, which is utilized as part of the reconciliation process. Once all bank statements are reconciled, the County Treasurer then provides the reconciled balances to the County Auditor via a Form 6 summary. The County Auditor can then print a month-end report to show that the Auditor and the Treasurer both agree to the reconciled balances.

At approximately midday of each day, each cashier brings the receipts of the day from his/her cash drawer, including the change fund amount, to the Head Cashier. For each cash drawer, the Head Cashier counts the money and views an online report, called the Session Reconciliation Report, to verify the amount of currency and checks counted in the process matches the Session Reconciliation Report. The Head Cashier records the amounts from the cash drawers on the Cashier's Currency Settlement Sheet. This report lists the amounts from each cash drawer by denomination. The checks from each cash drawer are shown in total on the Cashier's Currency Settlement Sheet. The total cash from the Cashier's Currency Settlement Sheet is recorded in the Currency and Coin Worksheet in total amounts by denomination. The Head Cashier then takes the money to the vault.

The Deputy Treasurer counts the money in the vault and initials the column on the Currency and Coin Worksheet that shows the total amount in the vault. The Currency and Coin Worksheet is broken down into three columns. The first column on the worksheet reports the total in the vault from the previous day. The second column reports the totals for each denomination from the cash drawers for the day. The final column is the beginning amount for the next day, which is the total for the current day minus any deposit and change issued to the drawers.

Expenditures are paid by the County Auditor with warrants. The warrants are presented to the County Treasurer to be redeemed. The funds to redeem the warrants are moved from the general checking account to either the payroll clearing bank account or the non-payroll expenditure clearing bank account, depending upon from which account the warrants are to be paid.

Sheriff's Office – The Sheriff's Office has several bank accounts, which include the following:

Commissary Fund – A bank account is maintained for the Sheriff's Commissary Fund. Activity in the Commissary Fund is accounted for using a computerized system from Keefe Commissary Network Sales.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

When an inmate is processed into the County jail, money in his/her possession is placed in a sealed envelope and put into a locked box at the County jail processing area. The key to the lockbox is kept in the Sheriff's Administration Office and each morning a deputy comes and gets the key to the box and brings the envelopes to the Administration Office. The money is counted and a deposit is prepared to take to the bank. The amount for each inmate is entered into the Keefe system in his/her individual account. Likewise, whenever someone provides money for an inmate, the amount is entered into the system and credited to the inmate's account. When someone deposits money into an inmate's account, a computer printout of the receipt is given to the person.

Inmates are provided with a computer printout of their balances upon request. Inmates also have a phone available to them to dial into the system with a code to find out the balance in their accounts.

Inmates wishing to purchase items from the Commissary fill out an order form indicating what items they want. When orders are filled, the purchases are recorded in the Keefe system and the money is transferred in the system from the inmates' accounts to the Commissary account to pay for the purchases. Keefe bills the Sheriff's Office twice a week and a check is written from the Commissary bank account.

When an inmate is released, a check for the balance in their account is written and given to them.

The Deputy Clerk responsible for maintaining the Commissary account reconciles the bank statement to the cash book each month. The reconciliation is generated by the computer system and any reconciling items are investigated. The reconciliation is reviewed and initialed by the Office Manager.

Sheriff Sales – The Sheriff maintains a bank account to hold money from the Sheriff's sales of foreclosed property. The bank statement is reconciled each month with the list of cases for which money is being held until the disposition of the case, outstanding checks, and interest earned on the balance in the bank. The list of open cases is presented on the front of the bank reconciliation showing the amount for each case and the total amount of all open cases. All open cases on the list are identified by name and case number. The reconciliation is performed by the Deputy Clerk responsible for the sales account reconciliation. The completed reconciliation is reviewed by the Office Manager who initials the reconciliation to acknowledge the review.

Money received from Sheriff's sales, which is normally in the form of a check, is kept in a locked box in the records room until it is deposited. The money is deposited in the bank either the day of the sale or the next business day.

When the Deputy Clerk receives the order from the Court instructing how the receipts from a sale are to be distributed, she issues checks to the parties who are authorized to receive proceeds from the sale. Typically, money is distributed to the bank holding the mortgage, to the Court for court costs, to the County Treasurer for any unpaid taxes and to the Sheriff's office for fees.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

Fees Collected Account – The Sheriff maintains a bank account to account for moneys that have been collected for fees such as background checks and fees for serving out of County warrants. Moneys that are collected by the Sheriff's Office are deposited into this bank account and recorded in the Fees Collected Report. During the month, the amount collected in the prior month is paid into the County Treasury and posted to the appropriate County funds.

A reconciliation process is performed by the Deputy Clerk of the Sheriff's Office. The Deputy Clerk checks the total amounts for the month on the Fees Collected Report and takes into account any amounts in the current month's report that were deposited in the previous month and any amounts in the current month that have not been deposited as of month-end to verify that the Fees Collected Report reconciles to the bank statement.

Normally, there are no outstanding checks at month-end for this account. However, there is one outstanding check in the amount of \$6.40 that has been carried for several years. The check is always noted on the reconciliation as the difference between the book balance from the Fees Collected Report and the bank statement balance.

Sheriff's Furtherance of Justice Account – The Sheriff has a bank account used to account for moneys provided to the Sheriff by the County for the furtherance of justice (FOJ) in accordance with Section 325.071, Revised Code. At the beginning of the year, money is appropriated from the General Fund and a check is written to the Sheriff. The Sheriff deposits the check into the FOJ account and the money is used for expenses incurred by the Sheriff in the performance of his duties as outlined in Auditor of State Circular 81-07 and Auditor of State Bulletin 97-014.

The Sheriff keeps a ledger of the activity of the FOJ account. At the end of the year, the Sheriff returns any unused funds in the account to the General Fund of the County. He submits a report to the County Auditor, as required by Section 325.071, Revised Code, which shows the activity for the FOJ account for the year. The report lists a summary of the expenditures by type.

Disbursements from the FOJ account are made by check only. Moneys from the FOJ account are not used to maintain a petty cash fund. When an officer requests money from the FOJ account, the Sheriff requires the employee to sign a notarized affidavit acknowledging that he or she has received the check. Officers are required to provide receipts to the Sheriff to document expenditures.

An officer involved in an investigation may at times need cash to make expenditures, such as payments to informants. An officer needing cash as part of an investigation makes a request to the Sheriff who writes the officer a check. If the officer pays an informant, he or she obtains the signature of the informant on a receipt acknowledging the officer paid them. Confidential information such as documents with informant's signatures is given to the Sheriff which is filed with the case file and maintained in confidentiality.

The Sheriff is responsible for reconciling the bank statement to the FOJ account ledger. Bank reconciliations are performed monthly.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

Sheriff's Special Account – The Sheriff maintains a bank account into which is deposited some of the moneys from the Law Enforcement Trust Fund and the Drug Enforcement Fund. These moneys are used in the course of criminal drug investigations. The purpose of this bank account is to expedite the process of making funds available to officers of the Sheriff's Office to be used for purchasing drugs and/or paying fees to informants while involved in a criminal drug investigation.

The Sheriff records the activity of the Special Account in a computer program called Microsoft Money and keeps a ledger of the activity. The Sheriff reconciles the bank statements to the cash ledger monthly.

Prosecutor's Office – The Prosecutor's Office has several bank accounts, which include the following:

Furtherance of Justice Account – The Prosecutor has a bank account used to account for moneys provided to the department by the County for the furtherance of justice (FOJ) in accordance with Section 325.12, Revised Code. At the beginning of the year, money is appropriated from the General Fund and a check is written to the Prosecutor. The Prosecutor deposits the check into the FOJ account and the money is used for expenses incurred by the Prosecutor in the performance of his duties as outlined in Auditor of State Circular 81-07 and Auditor of State Bulletin 97-014.

The Prosecutor keeps a ledger of the activity of the FOJ account. At the end of the year, the Prosecutor returns any unused funds in the account to the General Fund of the County. He submits a report to the County Auditor, as required by Section 325.12, Revised Code, which shows the activity for the FOJ account for the year. The report lists a summary of the expenditures by type.

When expenditures are made from the FOJ account, documentation such as vendor invoices or purchase receipts are attached to a copy of the check and filed. The Prosecutor utilizes a petty cash fund with FOJ moneys. There is no written policy establishing the amount to be maintained in the petty cash fund or outlining the use of the fund. The Office Manager maintains control of the petty cash fund. When the amount in the petty cash fund is low, the Office Manager writes a check to the investigator of the Prosecutor's Office who cashes the check and brings the money back to be used to replenish the petty cash fund. The amount of the check is typically \$100. The investigator cashes the check and returns with the money. The investigator and the Office Manager both count the money in the presence of the other. The Office Manager then puts the money in the petty cash box.

Typically, when an employee needs to make an expenditure that is to be paid from the petty cash fund, the employee tells the Office Manager the approximate amount that is needed and she gives the employee the money. The employee makes the purchase and brings the change and the receipt back to the Office Manager. Sometimes, the employee pays for the purchase in advance and then is reimbursed from the petty cash fund. The employee must produce a vendor receipt to be reimbursed.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

The Office Manager keeps an Excel spreadsheet ledger of all of the activity in the petty cash fund, which includes a running balance of the amount. The Office Manager verifies the ending balance each month by comparing the receipts to the ledger amounts. However, the review is not documented.

Law Enforcement Trust Fund Account – A bank account is maintained by the Prosecutor to hold moneys that have been ordered forfeited by the Court in criminal and some civil cases. When a defendant is found guilty, the Court issues an order of forfeiture and the money that has been seized is deposited into the Law Enforcement Trust Fund (LETF) bank account. A paralegal keeps documentation for deposits into the LETF account and the deposits are identified by the name or case number in the cash ledger. Occasionally, in the case of a large sum of money or when conviction appears very likely, the money will be deposited before conviction.

When the case is finalized and the Court has ordered items forfeited to the State, the paralegal is required to run a notice in the newspaper twice, with each notice being one week apart. The paralegal must wait 30 days after the last notice in the newspaper before the property can be distributed and/or sold at auction. Once the 30 days are complete and no party of interest has filed a claim with the Clerk of Courts, the paralegal must prepare a Disposition Entry which states when the order of forfeiture was filed, what was ordered forfeited to the State, stating that the statute(s) has been followed in regards to publication in a newspaper. If a claim to all or part of the property seized is made and filed with the Clerk of Courts, that claim must be litigated in full before disposition can be made of the seized property. In the case of forfeited property, the property is auctioned and the proceeds are deposited into the account. Once the property is sold, the paralegal sends an Entry Confirming Sale form to the judge for signature and filing. Next, the paralegal must prepare a Disbursement Entry form stating how the moneys/proceeds are to be disbursed for the Prosecutor and judge to approve and sign.

Once costs required to be paid from the forfeited money/property are settled, the remainder of the money is divided between the Prosecutor's Office and any law enforcement agencies that handled the case. The Prosecutor's Office receives $33 \frac{1}{3}$ percent of the proceeds and the law enforcement agency receives $66 \frac{2}{3}$ percent of the moneys.

A paralegal has been assigned responsibility for keeping the records of the LETF bank account and reconciling the bank statement with the cash ledger. The paralegal maintains a cash ledger of the activity in the LETF account in an Excel spreadsheet and reconciles the bank statement monthly to the ledger. There is no indication on the reconciliations that the Prosecutor reviews the completed reconciliations.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

Courts – The various courts of the County have the following bank accounts:

Clerk of Courts Legal Department – The Clerk of Courts Legal Department maintains a bank account for moneys received through the activity of the Common Pleas Court such as bonds, fines, and deposits in civil cases. The bank account is reconciled monthly either by the Clerk of Courts or a Deputy Clerk. Moneys that are being held by the Clerk of Courts from cases that have not been settled are included on an open items list which lists the person's name, case number, date of deposit and amount. The total amount of the open items is included in the bank reconciliation. At the end of the month, moneys that have been collected by the Clerk of Courts and authorized to be paid are distributed to the appropriate State agencies and County departments.

The Clerk of Courts Legal Department has one cash drawer and maintains a change fund of \$100. At the end of the day, the \$100 is taken to the County Treasurer's Office in a locked box and stored in the vault overnight.

Clerk of Courts Title Department – The Clerk of Courts Title Department maintains a bank account for moneys received from title registration fees of motor vehicles. The bank account is reconciled monthly either by the Clerk of Courts or the Chief Deputy Clerk. After the end of the month, the moneys collected from the previous month are distributed to the appropriate State agencies and the County Treasurer, which pays the monies into the Certificate of Title Administrative Fund.

The Title Department has two cash drawers and maintains a change fund of \$100. At the end of the day, the \$100 is taken to the County Treasurer's Office in a locked box and stored in the vault overnight.

Juvenile Court – The Juvenile Court maintains a bank account into which moneys from fines are deposited and held until distribution is made according to a court order after the case is finalized.

The bank account is reconciled monthly by the Finance Clerk and it is reviewed by the Court Administrator. After reconciling the bank account, the Finance Clerk sends a memorandum entitled Verification of Fund Balance to the Court Administrator that reports the bank balance, the checkbook balance, the open items balance and the cash book balance. The memorandum is signed by the Finance Clerk and the Court Administrator. The Court Administrator verifies with his/her signature that he/she has reviewed the balances and certifies that they are correct.

The Juvenile Court maintains a \$125 change fund which is kept in a lockbox. The change fund is balanced at the end of the day so that the amount in the change fund remains \$125. The lockbox is stored in the safe at night.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

The Juvenile Court also maintains a bank account for deposits of moneys from juvenile offenders that have been convicted and have been ordered by the Court to pay restitution to victims. Payments from offenders are received by the Restitution Coordinator either through the mail or in person and deposited into the bank account. At the end of each month, payment is made by check to victims who are owed restitution. The bank account is reconciled monthly by the Finance Clerk. After reconciling the bank account, the Finance Clerk sends a memorandum entitled Verification of Fund Balance to the Court Administrator that presents the bank balance, the checkbook balance, and the cash book balance. The memorandum is signed by the Finance Clerk and the Court Administrator. The Court Administrator verifies with his/her signature that he/she has reviewed the balances and certifies that they are correct.

The Diversion Program is a program in which the Court works with juvenile offenders to keep them from being convicted of the crime for which they are charged. The Diversion Program allows offenders to pay restitution to victims before the case comes to trial as one of the stipulations for avoiding a trial. The Juvenile Court maintains a separate bank account for deposits of moneys for restitution to victims made through the Diversion Program. Payments from offenders are received by the Restitution Coordinator either through the mail or in person and deposited into the bank account. At the end of each month, payment is made by check to victims who are owed restitution. The bank account is reconciled monthly by the Finance Clerk. After reconciling the bank account, the Finance Clerk sends a memorandum entitled Verification of Fund Balance to the Court Administrator that presents the bank balance, the checkbook balance, and the cash book balance. The memorandum is signed by the Finance Clerk and the Court Administrator. The Court Administrator verifies with his/her signature that he/she has reviewed the balances and certifies that they are correct.

Probate Court – The Probate Court maintains a bank account to hold court costs on cases such as estate proceedings, adoptions, and guardianships that are being processed by the Court. Moneys that are being held by the Probate Court from cases that have not been settled are included on an open items list which lists the person's name, case number, date of deposit and amount, amount owed, and type of case. When the cases are settled, the moneys are distributed to the appropriate parties. The total amount of the open items is included in the bank reconciliation.

The bank account is reconciled monthly by the Finance Clerk and it is reviewed by the Court Administrator. After reconciling the bank account, the Finance Clerk sends a memorandum entitled Verification of Fund Balance to the Court Administrator that presents the bank balance, the checkbook balance, the open items balance and the cash book balance. The memorandum is signed by the Finance Clerk and the Court Administrator. The Court Administrator verifies with his/her signature that he/she has reviewed the balances and certifies that they are correct.

The Probate Court maintains a \$100 change fund which is kept in a safe. The change fund is balanced at the end of each day so that the amount in the change fund remains \$100. The safe is in the office behind the service counter and any moneys received by the Court throughout the day, along with the change fund, are kept in the safe at all times.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

Finally, the County had an Investment Advisory Committee. This Committee is made up of all three County Commissioners along with the County Treasurer. Every three months, the County Treasurer attends a regularly scheduled Board of County Commissioners meeting. The County Treasurer presents his report regarding the status of the County's investments and, if necessary, additional questions are asked or additional information is provided regarding the County's investments. The meetings are recorded in the Board of County Commissioners minutes and are filed as a permanent record.

Auditor of State Comments

County Treasurer's Office

- The County does not have a written policy or procedures as to which funds should be receiving interest revenue or as to how interest revenue is to be distributed. The County should develop a policy as to which funds should receive an allocation of interest along with a methodology as to how the allocation is to be calculated.

Sheriff's Office

Commissary Fund

- A monthly report listing the inmates' current balances and amounts owed to vendors but not yet paid is not compiled and included with the reconciliation. The Deputy Clerk should print out a list of amounts in inmates' accounts and amounts owed to vendors to support the total cash book amount presented in the bank statement reconciliation.

Fees Collected Account

- The reconciliation process for the fees collected account is not documented and the information is not compiled into a reconciliation format. The Deputy Clerk should present the reconciled balance in a bank reconciliation format so that it is easily demonstrated and documented how the Fees Collected Report reconciles to the bank statement.
- There is one outstanding check on the account that has been carried for several years. The amount of the check is \$6.40. This amount should be paid into the unclaimed monies fund.

Scioto County – Scioto County

Report on Accounting Methods

Cash Management and Investing

(Continued)

Prosecutor's Office

Furtherance of Justice Account

- There is no written policy establishing the amount to be maintained in the petty cash fund or outlining the use of the fund. The Prosecutor should develop and adopt a policy establishing guidelines for the petty cash fund.
- The Office Manager verifies the ending balance of the petty cash fund each month by comparing the receipts to the ledger amounts. However, the review is not documented. The Office Manager should document the reconciliation of the petty cash fund each month by printing out the cash ledger for the fund and documenting that the balance matches the cash count in the fund.

Law Enforcement Trust Fund Account

- There is no indication on the reconciliations that the Prosecutor reviews the completed reconciliations. The Prosecutor should review the completed reconciliation and sign it acknowledging his/her review.
- Although the paralegal who maintains the LETF account keeps a ledger of all deposits and disbursements, he/she does not maintain a list of all cases for which money is being held in the account. The paralegal should compile a list of all cases showing the total of the amounts held in the LETF account. The list should be included with the monthly bank statement reconciliation.

Scioto County – Scioto County

Report on Accounting Methods

Financial Reporting

Description of an Effective Method of Financial Reporting

The County Auditor should periodically provide the County Commissioners with a report that identifies the year-to-date receipts, disbursements, outstanding encumbrances, and available fund balances for each fund of the County. In addition, information concerning the estimated and actual receipts, appropriations, disbursements, and encumbrances should be presented for the County Commissioners' review. On an annual basis, the County Auditor should prepare and publish within 150 days of year-end financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Statutory Requirements:

Section 117.38, Revised Code, requires that the annual financial report be filed with the Auditor of State within 150 days after the close of the fiscal year for reports prepared in accordance with generally accepted accounting principles (GAAP). At the time the report is filed with the Auditor of State, the fiscal officer must publish in the newspaper notice of the completion of the report and the fact that the report is available at the office of the fiscal officer. Every county agency, board, or commission shall provide to the County Auditor, not later than the first day of March each year unless a later date is authorized by the County Auditor, all information determined by the County Auditor to be necessary for the preparation of the report required by this Section.

Section 319.15, Revised Code, states, "On the first business day of each month, the County Auditor shall prepare in duplicate a statement of the finances of the County for the preceding month, showing the amount of money received to the credit of each fund and account, the amount disbursed from each, the balance remaining to the credit of each, and the balance of money in the treasury and depository. After careful comparison with the County Treasurer's balances, he shall submit such statement to the Board of County Commissioners, which shall place it on file and post one copy in the County Auditor's Office, such copy to remain posted for at least thirty days for the inspection of the public."

Administrative Code Requirements:

Counties are required by Section 117-2-03(B), Administrative Code, to prepare and publish an annual financial report in accordance with generally accepted accounting principles (GAAP).

Methods Used by the County

The County prepares its annual financial report in accordance with generally accepted accounting principles (GAAP). The unaudited financial statements are filed with the Auditor of State within 150 days of year-end or, if unable to meet the deadline, an extension is requested. Upon completion of the unaudited financial statements and filing the report with the Auditor of State, a notice is published in the newspaper indicating that the report is available for public inspection in the office of the County Auditor. A draft of the 2011 unaudited Annual Financial Report was filed with the Auditor of State's Office on June 26, 2012 after a 30 day extension was requested and granted due to implementation of new accounting standards.

Scioto County – Scioto County

Report on Accounting Methods

Financial Reporting

(Continued)

The County Auditor provides the Board of Commissioners with the following information on a monthly basis: a monthly financial report that includes fund balances and year-to-date revenues and expenditures, receipt and disbursement reports that compare budgeted to actual financial information, and a list of checks written during the current month. This list is documented in the Auditor's Office as part of their month-end balancing procedures and, if necessary, can be changed if additional monthly reports are determined to be necessary. If, on occasion, additional information is needed, the County Auditor will provide the additional information upon request. The financial reports are approved by the County Commissioners and the information is documented in the minutes. The financial reports are then maintained in a file folder kept in a filing cabinet located in the County Commissioner's Office. If any member of the public requests to examine any of the information provided to the County Commissioners, a copy is provided to the member. The County Auditor also posts on the bulletin board within his/her office, a Statement of Cash Position report for 30 days for public inspection.

Auditor of State Comments:

- No comment.

Scioto County – Scioto County

Report on Accounting Methods

Recording Official Proceedings

Description of an Effective Method of Recording Official Proceedings

The County minutes should reflect full and accurate information to permit the public's understanding and appreciation of the rationale behind the County Commissioner's decisions. An ordinance, resolution, or bylaw should be limited to one subject, which should be clearly expressed in its title. In the adoption or passage of an ordinance, resolution, or bylaw, the yeas and nays should be entered into the minutes and the ordinance, resolution, or bylaw should be signed by the County Commissioners. All minutes, ordinances, and resolutions should be maintained as a permanent record of the County.

Statutory Requirements

Section 121.22, Revised Code, requires the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions authorized under division (G) or (J) of this section. Further, the Ohio Supreme Court has held that the minutes must be "full and accurate", which means that they must contain sufficient facts and information to permit the public to understand and appreciate the rationale behind the relevant decision. The public not only has a right to know a government body's final decision on a matter, but also the means by which those decisions were reached.

Section 149.38(A), Revised Code, requires that each County create a records commission, composed of a member of the Board of Commissioners as chairperson, the Prosecuting Attorney, the County Auditor, the County Recorder, and the Clerk of the Court of Common Pleas. The commission shall appoint a secretary, who may or may not be a member of the commission and who shall serve at the pleasure of the commission. The commission shall meet at least once every six months and upon call of the chairperson.

Section 149.38(B), Revised Code, states that the functions of the County records commission shall be to provide rules for retention and disposal of records of the County and to review applications for one-time disposal of obsolete records and schedules of records retention and disposition submitted by County offices.

Section 305.06, Revised Code, requires that the Board of Commissioners shall conduct at least 50 regular sessions each year. Each of these sessions shall be conducted at a specific time fixed in advance. At each meeting the Board shall transact such business as it considers necessary or as required by law.

Section 305.07, Revised Code, addresses that special sessions of the Board of Commissioners may be held as often as the County Commissioners deem it necessary. At a regular or special session, the Board may make any necessary order or contract in relation to the building, furnishing, repairing, or insuring of public buildings or bridges; the employment of janitors; the improvements or enclosure of public grounds; the maintenance or support of disabled persons; the expenditure of any fund; or the Board may provide for the reconstruction or repair of any bridge destroyed by fire, flood, or otherwise. The Board shall comply with division (F) of Section 121.22, Revised Code. The Board may do any other official act not, by law, restricted to a particular regular session.

Scioto County – Scioto County

Report on Accounting Methods

Recording Official Proceedings

(Continued)

Section 305.09, Revised Code, states all proceeding of the Board of Commissioners shall be public, at the office provided for the Board in the County seat, or at another location, as provided in division (B) of Section 305.06 or division (B) of Section 305.07, Revised Code, and, as far as possible, shall be in conformity with the rules of parliamentary law.

Section 305.10, Revised Code, requires the Clerk of the Board of Commissioners to keep a full written record of the proceedings of the Board, and a written general index of those proceedings, entering each motion with the name of the person making it on the record. The Clerk shall call and record the yeas and nays on each motion. The Clerk shall state fully and clearly in the record any question relating to the powers and duties of the Board which is raised for its consideration by any person having an interest therein, together with the decision on such question, and shall call and record the yeas and nays by which the decision is made. When requested by a party interested in the proceedings or by a party's counsel, the Clerk shall record any legal proposition decided by the Board, the decision thereon, and the votes by which the decision is reached. If either party, in person or by counsel, takes exception to such decision, the Clerk shall record the exceptions with the record of the decision.

Section 305.11, Revised Code, states that immediately upon the opening of each day's session of the Board of Commissioners, the records of the proceedings of the session of the previous day shall be read, or provided to each County Commissioner in written form, by the Clerk of the Board and, if correct, approved and signed by the County Commissioners. When the Board is not in session, the record of proceedings shall be kept in the County Auditor's Office or, if the County has a full-time clerk, in the County Commissioners' Office, open at all proper times to public inspection. It shall be certified by the president and Clerk of the Board and shall be received as evidence in every court in the State.

Methods Used by the County

Regular meetings of the Board of Commissioners are held twice a week at the same time in the conference room on the first floor in the County building. The meetings are held on Tuesday and Thursday of each week. If it is necessary to postpone or cancel a meeting, the Clerk of the County Commissioners will send a fax to the local newspapers and radio stations at least 24 hours in advance to notify the public of the change.

The County does not have an active records commission. Should records need disposed of, each elected official / department head submits the proper disposal to the County Commissioners. The Chairperson of the County Commissioners reviews and signs the request which is then sent to the Ohio Historical Society. Once they receive notification that the request has been approved by the Historical Society, the Board of Commissioners pass the information onto the elected official / department head and the records are either preserved or destroyed appropriately.

The Clerk of the County Commissioners takes hand-written notes of the proceedings of each Board meeting. The County also records each Board meeting with a digital tape recorder and is currently performing the recording with an i-Pad. After each meeting, the Clerk types the minutes into a word processing document and presents them to the Board at the next meeting for approval. The minutes are then signed by the Clerk and the County Commissioners.

Scioto County – Scioto County

Report on Accounting Methods

Recording Official Proceedings

(Continued)

The minutes are stored in binders and filed in the County Commissioners' Office by date. Each official minute book includes an index of the minutes. Resolutions, along with an index, are filed in a folder and are stored in a filing cabinet in the County Commissioner's Office. Any financial reports or additional information approved by the County Commissioners at the biweekly meetings are maintained in a file folder and stored in a filing cabinet in the County Commissioner's Office. The recorded Board meeting minutes are stored on micro cassettes, CD's, and most recently the Clerk's i-Pad device with no back-up copies of these recordings.

Auditor of State Comments

- The County Commissioners clerk currently takes hand-written notes which are later typed into a word processing document. In addition, the County also records the proceedings of Board meetings with an i-Pad. The only copies that currently exist are the audio files on the i-Pad with no back-up files in place. The prior meetings are stored on CDs and micro cassettes. Reliance on media to fulfill recording official proceeding requirements can be sufficient but the media must be able to withstand time (i.e., to be retained permanently) and provide accurate detail (i.e., who is speaking). With no current back-ups to the i-Pad recordings, these recordings could be lost. The County should consider backing up and storing these audio recordings and making them part of the permanent minute records.
- The County does not have an active records commission according to Section 149.38, Revised Code. The County should establish a records commission that shall meet at least once every six months and upon call of the chairperson. The functions of the County records commission shall be to provide rules for retention and disposal of records of the County and to review applications for one-time disposal of obsolete records and schedules of records retention and disposition submitted by County offices.

Scioto County – Scioto County

Report on Accounting Methods

Conclusion

The methods as described by the County and included in this report are based on our inquiries and discussions with County personnel and the related procedures documented from the County's resolutions, administrative rules, and the Ohio Revised Code. These methods in some cases vary from the actual methods used in performing the daily activities.

It is our opinion that the current methods of accounting and financial reporting of Scioto County are not completely in compliance with Chapter 117 of the Ohio Revised Code, and the requirements of the Auditor of State, as disclosed throughout this report.

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Dave Yost • Auditor of State

SCIOTO COUNTY REPORT ON ACCOUNTING METHODS

SCIOTO 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
JULY 9, 2013