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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ashtabula Township
Ashtabula County
2718 N. Ridge Road East
Ashtabula, Ohio 44004

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Ashtabula Township (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

Cash and Investments (Continued)

6. We tested investments held at December 31, 2014 and December 31, 2013 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Ledger to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's Vendor History Report from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Department of Homeland Security (FEMA) to the Township during 2013 with documentation from FEMA. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

- We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2014 and 10 over-the-counter cash receipts from the year ended 2013 recorded in the duplicate cash receipts book and determined whether the:
- a. Receipt amount agreed to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. Amount charged complied with rates in force during the period. We found no exceptions.

Over-The-Counter Cash Receipts (Continued)

- c. Receipt was posted to the proper funds, and were recorded in the proper year. We found one receipt for \$4,771 recorded in the Ambulance and EMS Fund that should have been recorded in the Gas Tax Fund. The Township corrected the error in their accounting records in 2015. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

Debt

1. The prior agreed-upon procedures documentation, disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Revenue Ledger and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances, nor any debt payment activity during 2014 or 2013.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Wage Withholdings Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Withholdings Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We expanded our testing to include all compensation for the fiscal officer and trustees for 2013 and 2014 and the results are below. Because we did not test all timecards, our report provides no assurance whether or not other similar errors occurred.
 - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the minute record or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.

Improper Compensation of Elected Officials

Pursuant to Ohio Revised Code Sections 507.09(A)(8) and 505.24(A)(5), in calendar year 2014, in a township having a budget of more than three million five hundred thousand one dollars (\$3,500,001) but not more than six million dollars (\$6,000,000), the annual compensation of the township fiscal officer shall be \$21,221 and each township trustee shall be \$12,346. Though a township's budget may increase over the \$6,000,000 threshold during the year, a fiscal officer's and trustees' salary may not increase in-term outside of the statutory scheme.

The Township's Certificate of Estimated Resources, as approved by the County Budget Commission, for fiscal year 2014 was \$5,744,485 from January 1, through December 31, 2014. As such, the maximum annual salary for the fiscal officer and trustees, for January 1, 2014 through December 31, 2014, should have been \$21,221 and \$12,346, respectively. A review of the payroll records indicate Robert Dille, Fiscal Officer, was paid the annual compensation of \$23,571 during 2014 and as a result, an overpayment of \$2,350 occurred. Each township trustee was paid the annual compensation of \$15,085 during 2014 and as a result, an overpayment of \$2,739 occurred for each of the three township trustees.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Robert Dille, Fiscal Officer in the amount of \$2,350 and in favor of the Ashtabula Township's General Fund. In addition, a Finding for

Improper Compensation of Elected Officials (Continued)

Recovery for public monies illegally expended is hereby issued against trustees Joseph Pete Sr., Bambi Paulchel, and Stephen McClure in favor of the Ashtabula Township's General Fund in the amount of \$2,739 each and \$8,217 in total.

The Township should implement procedures to ensure officials are compensated in accordance with the Ohio Revised Code.

The finding for recovery was fully repaid under audit. The Fiscal Officer Robert Dille repaid the Township's General Fund \$2,350 and Trustees Joseph Pete Sr., Bambi L. Paulchel, and Stephen McClure each repaid \$2,739 to the Township's General Fund, \$8,217 in total for the Trustees.

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2014. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Dates Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2015	December 7, 2014 December 18, 2014 December 31, 2014	\$29,945.31	\$29,945.31
State income taxes	January 15, 2015	December 18, 2014 December 31, 2014	\$9,761.82	\$9,761.82
OPERS retirement	January 30, 2015	December 18, 2014 December 31, 2014	\$20,045.64	\$20,045.64
OP&F retirement	January 31, 2015	December 17, 2014 December 31, 2014	\$56,917.65	\$56,917.65

3. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted that at the beginning of each year, the Township pays \$500 into an HSA for each eligible employee. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Road & Bridge and Fire Funds for the years ended December 31, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Road & Bridge and Fire Funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2014 and 2013 for the following funds: General, Road & Bridge, and Fire Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road & Bridge and Fire Funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Road & Bridge and Fire Funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the FEMA fund during 2013 to segregate Federal Emergency Management Agency receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210.
7. We scanned the 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$4,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found a disbursement in the FEMA Fund miscoded as a transfer. We recommend the Fiscal Officer consult the Ohio Township Handbook for proper UAN coding for disbursements.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Officials' Response: Fiscal Officer misinterpreted the revenue and brought it to the attention of the auditor that elected officials were overpaid. Officials knew repayment was required but weren't sure if it could be repaid over time or if a lump sum was a better option.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State
Columbus, Ohio

April 16, 2015



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ASHTABULA TOWNSHIP

ASHATBULA 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
MAY 12, 2015**