



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Rome Township
Lawrence County
506 County Road 411
Proctorville, Ohio 45669

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Rome Township (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 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, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Receipt Register Report. The amounts did not agree. For 2015, we noted the following differences: General Fund \$697; Road & Bridge Fund \$326; Fire District Fund \$580; and Fire District 2013 Fire Levy Fund \$865. For 2016, we noted the following differences: General Fund \$3,433; Road & Bridge Fund \$531; Fire District Fund \$891; and Fire District 2013 Fire Levy Fund \$1,373. Differences were the result of amounts being posted net of deduction amounts. This results in receipts and disbursements being understated. We recommend Property Tax settlement receipts be posted in gross amounts with deduction amounts being presented as disbursements.
 - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Receipt Register Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipts Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected six receipts from the State Distribution Transaction Lists (DTL) from 2016 and zero for 2015 due to there were not any listed for 2015. We also haphazardly selected five receipts from the County Auditor's Vendor Audit Trail Report from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipts Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Armstrong Cable Franchise to the Township during 2016 and 2015 to supporting documentation. We found no exceptions.
 - a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following bonds were outstanding as of December 31, 2014. These amounts agreed to the Townships January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
John Deere Tractor – Equipment Bond	\$36,710
Caterpillar Backhoe – Equipment Bond	\$60,000

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt agreed to the summary we used in step 3. There were no new debt issuances during 2016 or 2015.
3. We obtained a summary bonded debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to general fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found exceptions. The payment due date for the John Deere Tractor was listed as June 5, 2015 and payment was made on June 6, 2015. The payment due date for the Caterpillar Backhoe was listed as June 1, 2015 and payment was made on June 6, 2015. Payments were made timely in the year 2016.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2016. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	December 26, 2016	\$ 802.81	\$ 802.81
State income taxes	January 15, 2017	December 27, 2016	\$569.09	\$569.09
OPERS retirement	January 30, 2017	December 27, 2016	\$1,776.56	\$1,776.56

3. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended 2015 and determined whether:

- a. The disbursements were for a proper public purpose.

The Township lacked itemized receipts and policies related to certain disbursements, without which the Township could not document that each disbursement was for a proper public purpose:

- The Township did not maintain detailed receipts which itemized individual charges for 7 separate charges on the US Bank credit card totaling \$589. The charges related to training-related travel expenses from January 28, 2015 through February 1, 2015 authorized by the trustees. The Township did maintain credit card receipts documenting the total of each charge, and according to the credit card receipts, certain charges included gratuities in excess of the amount allowed by Township policy.

In addition, the travel related charges included amount for which the Township has no policy: rental amounts for group room, internet for room, valet parking.

- The Township did not maintain detailed receipts which itemized individual charges for 7 separate charges on the US Bank credit card totaling \$987. The Township paid the credit card balance on March 15, 2016. The charges related to training-related travel expenses and a dinner to recognize certain Township employees. The Township did maintain credit card receipts documenting the total of each charge, and according to the credit card receipts, certain charges included gratuities in excess of the amount allowed by Township policy.

The charges included a \$277.40 charge to the Hyde Park Prime Steakhouse. The credit card receipt indicated that all attendees were Township employees and guests. However, the Township has no policy related to such events.

Finding for Recovery

The charges also included a charge for \$31.78 from Fat Patty's for an employee appreciation dinner on January 24, 2016. The credit card receipt included \$6.45 for alcoholic beverages. The charge was authorized by Charles Fuller. The purchase of alcohol is not considered a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended may be hereby issued against Charles Fuller in the amount of \$6.45, and in favor of Rome Township, Motor Vehicle License Tax Fund, in the amount of \$6.45.

The amount was repaid in full by the Fiscal Officer, Cheyrl Jenkins on September 29, 2017 and was posted to the Township's accounting system via receipt numbers 77-2017.

Check Number 6003 dated December 15, 2015 and issued to US Bank in the amount of \$417.47 included a \$190 Ohio Township Association payment for registration and luncheon tickets however there were only two registrations with three luncheon payments which indicates a \$30 overpayment for luncheon.

We recommend that:

- Credit card and travel policies should be updated to require itemized receipts in order to determine whether underlying expenditures are for a proper public purpose.
 - Credit card and travel policies should be revised to indicate if expenditures for spouses or Township guests are to be paid and if so, the exact type of expenditures to be paid relating to spouses and Township guests.
 - Credit card and travel policies should be revised to indicate what types of fees will be paid relating to hotels such as room service, valet parking, internet fees, etc.
 - The Township should follow the guidance in Auditor of State Bulletin 2003-005 to document the proper public purpose of employee amenities. The documentation "... must be made in accordance with the procedural formalities governing the exercise of legislative power. Specifically, the decision must be memorialized by a duly enacted ordinance or resolution and may have prospective effect only."
 - Township should take measures to follow all policies regarding credit cards and travel including tip amounts.
 - Township should review all disbursements to ensure underlying items are for an allowable and proper public purpose prior to making payment.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found three instances where the certification date was after the vendor invoice date in 2015, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Fire District funds for the years ended December 31, 2016 and 2015. The amounts agreed.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Gasoline Tax and Fire District funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2016 and 2015 for the following funds: General, Gasoline Tax and Fire District. 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, Gasoline Tax and Fire District funds for the years ended December 31, 2016 and 2015. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2016 and 2015 for the General, Gasoline Tax and Fire District funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years, inspect the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established 2017 OCS 1-4. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.

8. We inspected the 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. Fiscal Officer obtained the required training.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is for the use of the Township to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

October 6, 2017



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ROME TOWNSHIP

LAWRENCE 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
OCTOBER 19, 2017**