



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Scioto Township
Pike County
1851 Bailey Chapel Road
Beaver, Ohio 45613

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Scioto Township (the Township), on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2017 and 2016 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, 2017 and 2016 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, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 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, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 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, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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.

6. We selected the only reconciling credit (such as deposits in transit) from the December 31, 2017 bank reconciliation:
 - a. We traced the credit to the subsequent January statement. We found no exceptions.
 - b. We agreed the credit amounts to the Receipts Register. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.

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 2017 and one from 2016:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2017 and all from 2016. We also haphazardly selected five receipts from the County Auditor's County Distribution Ledger from 2017 and five from 2016.
 - 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 Register Report to determine that these receipts were allocated to the proper funds. On the State DTL We found that \$617 of State Rollback Distributions was incorrectly posted to General fund in 2016; \$617 should have been recorded in the Road and Bridge Fund. We found that \$700 of State Rollback Distributions was incorrectly posted to General fund in 2017; \$700 should have been recorded in the Road and Bridge Fund. Furthermore, there was a receipt for Interstate Registration Plan excess in the amount of \$108.83 was allocated to the General fund instead of the Motor Vehicle License fund. We brought this to management's attention and they corrected the General, Road and Bridge and Motor Vehicle License fund balances in the accounting records. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
 - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2015.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances, nor any debt payment activity during 2017 or 2016.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary. We found five instances where elected officials were paid in excess of the amount set by Ohio law. Per Ohio Rev. Code § 505.24 and 507.09 township trustee and fiscal officer salaries are based on the annual budget of the township. Per HB64 officials appointed after September 29, 2015 received a 5% increase in fiscal years 2016 and 2017. Due to statutory requirements, we calculated total amount incorrectly paid below.

Elected Trustee, Michael Cuckler serves a January 1, 2016 to December 31, 2019 term. Trustees whose township budget is greater than \$500,000 but less than \$750,000, and were elected and/or appointed after September 29, 2015, were reimbursable at the rate of \$47.27 in 2016 and \$49.63 in 2017, per day, for a maximum of 200 days. Mr. Cuckler was paid at a rate lower than above in 2017. This resulted in an underpayment of \$478.04.

Elected Fiscal Officer, Jaime Steffy, was re-elected to serve an April 1, 2016 to March 31, 2020 term. For fiscal officers, whose township budget is greater than \$500,000 but less than \$750,000, and were elected and/or appointed after September 29, 2015 were reimbursable with an annual salary of \$14,854 for 2016 and \$15,597 for 2017. Mr. Steffy was over paid \$176.66 in 2016 and underpaid \$743.04 in 2017, resulting in a total underpayment of \$566.38.

Ohio Rev. Code § 505.24(A)(3) provides that in a township having a budget of more than \$500,001 but not more than \$750,000, the compensation of the Township Trustee shall be \$9,454 per year.

The Ohio Const. art. II § 20 prohibits a trustee from receiving an in-term increase in salary resulting from a change by the General Assembly to the compensation scheme or compensation rates of Ohio Rev. Code § 505.24 during the trustee's term.

Scioto Township's budget in 2016 and 2017 was between \$500,001 and \$750,000 thus the Trustees were to be paid \$9,454. Scioto Township's budget in 2015 was between \$500,001 and \$750,000 and Trustees were to be paid \$9,004.

Trustee, Steven Accord served a January 1, 2014 to December 31, 2017 term.

Scioto Township's Fiscal Officer mistakenly used the incorrect amount when calculating Township Trustee salaries. Consequently, Township Trustee Steven Accord received compensation in the amount of \$9,450 in 2016 and \$9,448 in 2017 resulting in a total overpayment of \$890.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Trustee Steven Accord and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$890, and in favor of Scioto Township's General fund in the amount of \$890.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Revised Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Fiscal Officer Jaime Steffy issued and signed checks, which overpaid the employee above and resulted in improper payment. Therefore, he and his bonding company, Traveler's Casualty and Surety Company of America, are jointly and severally liable for \$890 and in favor of the Scioto Township General fund.

Upon discovery of the facts, Mr. Steffy made repayment in full to the Township on April 5, 2018, duplicate receipt number 9-2018.

Ohio Rev. Code § 505.24(A)(3) provides that in a township having a budget of more than \$500,001 but not more than \$750,000, the compensation of the Township Trustee shall be \$9,454 per year.

The Ohio Const. art. II § 20 prohibits a trustee from receiving an in-term increase in salary resulting from a change by the General Assembly to the compensation scheme or compensation rates of Ohio Rev. Code § 505.24 during the trustee's term.

Scioto Township's budget in 2016 and 2017 was between \$500,001 and \$750,000 thus the Trustees were to be paid \$9,454. Scioto Township's budget in 2015 was between \$500,001 and \$750,000 and Trustees were to be paid \$9,004.

Trustee, Richard Pritchett serves a January 1, 2014 to December 31, 2017 term.

Scioto Township's Fiscal Officer mistakenly used the incorrect amount when calculating Township Trustee salaries. Consequently, Township Trustee Richard Pritchett received compensation in the amount of \$9,450 in 2016 and \$9,448 in 2017 resulting in a total overpayment of \$890.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Trustee Richard Pritchett and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$890, and in favor of Scioto Township's General fund in the amount of \$890.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Revised Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Fiscal Officer Jaime Steffy issued and signed checks, which overpaid the employee above and resulted in improper payment. Therefore, he and his bonding company, Traveler's Casualty and Surety Company of America, are jointly and severally liable for \$890 and in favor of the Scioto Township General fund.

Upon discovery of the facts, Mr. Steffy made repayment in full to the Township on April 5, 2018, duplicate receipt number 9-2018.

- b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files, minute record and inquiry with the Fiscal Officer. Two seasonal workers who serviced the entire township during their employment were paid strictly from the Gasoline Tax fund. Their compensation should have been divided between the Gasoline Tax fund and the Cemetery fund. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files, minute record and inquired of management for the following information and compared it with the information used to compute gross and net pay related to this check:
- a. Name
 - b. Authorized salary or pay rate
 - c. Departments and funds to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal & State withholding authorization and withholding

We found no exceptions related to procedures a. – e. above, except the funds to which the check should be charged were not documented for both new employees tested. We recommend the Township maintain all documentation to support wages paid.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 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 2017. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2018	December 29, 2017	\$1,787.53	\$1,787.53
State income taxes	January 15, 2018	December 29, 2017	\$319.17	\$319.17
OPERS retirement	January 30, 2018	December 29, 2017	\$2,037.08	\$2,037.08

4. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 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 with the exception of the insurance reimbursement resolution. ORC 505.601 (B) provides that the health care reimbursement resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee. The Township passed a resolution, but did not specify an amount. Furthermore, two employees' terms began in 2016 and were ineligible for reimbursement per Op. Atty. Gen. No. 2017-007, but received reimbursement. Per AOS Bulletin 2017-002, findings for recovery will not be issued until audit performed for periods after December 31, 2017.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2017 and ten from the year ended 2016 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 note three instances where the check was an electronic check. Those checks dates did not agree to the Payment Register Detail Report.
 - 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 one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not 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 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, Motor Vehicle License Tax and Gasoline Tax funds for the years ended December 31, 2017 and 2016. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund in 2016, the General Fund in 2017 and the Gasoline Tax Fund in 2017. The Revenue Status Report recorded budgeted (ie. certified) resources for the General fund of \$228,140 for 2016. However, the final Amended Official Certificate of Estimated Resources reflected \$227,140. The Revenue Status Report recorded budgeted (ie. certified) resources for the General fund of \$166,078 for 2017. However, the final Amended Official Certificate of Estimated Resources reflected \$171,027. The Revenue Status Report recorded budgeted (ie. certified) resources for the Gasoline Tax fund of \$97,050 for 2017. However, the final Amended Official Certificate of Estimated Resources reflected \$98,025.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Motor Vehicle License Tax and Gasoline Tax 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 2017 and 2016 for the following funds: General, Road and Bridge and Cemetery 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, Motor Vehicle License Tax and Gasoline Tax funds for the years ended December 31, 2017 and 2016. 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, 2017 and 2016 for the General, Motor Vehicle License Tax and Gasoline Tax fund, 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, 2017 and 2016. 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. 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 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers
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 [or 5705.132]. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 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 balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 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

Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.

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

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 18, 2018



Dave Yost • Auditor of State

SCIOTO TOWNSHIP

PIKE 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 10, 2018**