



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ross Township
Greene County
6272 Grape Grove Road
Jamestown, Ohio 45335

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Ross Township (the Township) on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

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

Efficient

Effective

Transparent

Cash (Continued)

- a. We traced each debit to the subsequent January bank statement. Three outstanding checks cleared the bank in January while remaining two reconciling debits were electronic fund transfers (EFT) that were marked as clearing the bank on January 2019 bank reconciliation; however, the EFTs did not clear the bank. The outstanding EFTs represented checks that had cleared the bank in July and November 2018. The Township utilized a third party administrator (TPA) to process its health insurance claims. The TPA had the ability to write checks from the Township's checking account. These checks were not processed through the Township's accounting system and at times not recorded by the Township. Along with the above noted EFT transactions, between January 2019 and April 2019 the Township had enough payments that cleared the bank but were not recorded in the Township's accounting system and payments that were recorded in the accounting system that never cleared the bank that unreconciled difference between the bank and the book was \$2. The Township has been able to reconcile since April 2019. Policies and procedures should be established and implemented to verify that all transactions processed by the TPA are properly recorded in the Township's accounting books and amounts recorded in the Township's financial system actually clear the bank. The Township should review transactions between January and April 2019 to verify that transactions that were recorded in the accounting system but did not clear the bank along with outstanding EFTs at December 2018 and transactions that cleared the bank but were not posted to the accounting system do not result in misstatement of fund balances. Failure to do so could result in finding for adjustments in future audits.
- 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 and Intergovernmental Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2018 and 2017. 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 2018 and all from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Vendor Report from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - 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 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 loan was outstanding as of December 31, 2016. These amounts agreed to the Townships January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
F350 Truck Financing	\$21,454

2. We inquired of management, and inspected the Receipt Detail Report and Payments Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a copy of the lease and bond activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to Debt Service and Road and Bridge fund payments reported in the Payments Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Road and Bridge fund per the Receipt Detail Report. The Township issued \$20,000 in bonds during 2017; however, The Township did not record the bond receipt or capital outlay expenditure for the purchase of equipment in its accounting records. The Township should verify that all financial activity is properly recorded and reported in the Township's accounting system. Failure to do so could result in material misstatements in the financial statements and users of financial statements utilizing incorrect information to make conclusions about the Township's finances.
5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a tractor and mower. We inspected the Payments Report and observed the Township purchased a tractor and mower in April of 2017.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' job description and 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, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2018. We observed the following:

Payroll Cash Disbursements (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	January 14, 2019	\$579	\$579
State income taxes	January 31, 2019	January 23, 2019	\$557	\$557
OPERS retirement	January 30, 2019	December 31, 2018	\$1,695	\$1,695

3. For the pay periods ended October 31, 2018 and February 28, 2017, we recomputed the allocation of the Board's salaries to the General, Motor Vehicle License Tax, and Road and Bridge Funds per the Wage Detail Report. We found no exceptions.
4. For the pay periods described in the preceding procedure, we traced the Board's salary for time or services performed to supporting certifications the Revised Code requires. Ohio Rev. Code § 505.24(C) requires each trustee to certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed. During February 28, 2017 pay period one Township Trustee charged \$125 to Motor Vehicle License Tax Fund and \$311 to Gasoline tax Fund; however, there was no certification on file to support the time charged to special revenue funds. The Township should verify that certification is on file for any time charged by the Trustees or Fiscal Officer to a fund other than the General Fund. Failure to do so could result in the Township charging incorrect fund for the salaries and finding for adjustments in future audits.
5. We inquired of management and inspected the Payments Report for the years ended December 31, 2018 and 2017 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations.

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Payments Report for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found 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 Payments 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. Ohio Rev. Code § 5705.10(I) requires money paid into any fund to be used only for purposes for which such fund is established. On March 12, 2018, the Township paid \$600 to Greene County Animal Control for animal controls services out of the Road and Bridge Fund. The payment was not related to the Township's roads and bridges and should have been paid out of the general fund. Policies and procedures should be established and implemented to verify that expenditures are made out of the correct fund and in accordance with the restricted purpose for which the fund was established.

Non-Payroll Cash Disbursements (Continued)

Failure to do so could result finding for adjustments in future audits. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.

- 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 seven instances 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 Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Budget Report for the General, Road and Bridge and Ambulance and Emergency funds for the years ended December 31, 2018 and 2017. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Road and Bridge Funds during 2018. The Revenue Budget Report recorded budgeted (i.e. certified) resources for the General and Road and Bridge Funds of \$82,367 and \$83,086 respectively for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$65,172 for the General fund and \$68,650 for the Road and Bridge fund. The fiscal officer should periodically compare amounts recorded in the Revenue Budget Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Road and Bridge and Ambulance and Emergency funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Road and Bridge, and Ambulance and Emergency. The amounts of the appropriations approved by the Trustees agreed to the amount recorded in the accounting system, except for the General and Road and Bridge Funds for 2018. The Appropriation Status Report recorded budgeted expenditures for the General and Road and Bridge Funds of \$102,950 and \$102,330 respectively for 2018. However, the final Appropriation Resolution reflected \$95,005 for the General fund and \$112,070 for the Road and Bridge fund. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved by the Township Trustees to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road and Bridge and Ambulance and Emergency funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.

Compliance – Budgetary (Continued)

5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Road and Bridge and Ambulance and Emergency 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 Detail Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the Debt Service fund during 2018 to segregate Bond Retirement receipts and disbursements, in compliance with Section 5705.09.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Detail Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$100 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017)
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 Fund Status Reports for the years ended December 31, 2018 and 2017 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payments Report for the years ended December 31, 2018 and 2017 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2018 and 2017 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. The Fiscal Officer did not obtain any of the required 12 hours of 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 to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 21, 2019

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OHIO AUDITOR OF STATE
KEITH FABER



ROSS TOWNSHIP

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 5, 2019**