



Dave Yost • Auditor of State



**DORSET TOWNSHIP  
ASHTABULA COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Dorset Township  
Ashtabula County  
2561 SR 193  
Dorset, Ohio 44032

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Dorset 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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Cash Journal to the prior year audited statements. Except for the cemetery bequest accounts in the amount of \$2,143 not being included in the cash journal or on the financial statements, we found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Journal to the December 31, 2011 balances in the Cash Journal. Except for the cemetery bequest accounts not being included in the cash journal or on the financial statements, we found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.
5. We selected three reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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.

6. We tested investments held at December 31, 2012 and December 31, 2011 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 2012 and one from 2011:
  - 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 funds 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 2012 and 2011. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. We selected two receipts from the State Distribution Transaction Lists (DTL) from 2012 and two from 2011. We also selected five receipts from the County Auditor Vendor Listing from 2012 and five from 2011.
  - 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 funds. 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 NOPEC Grant to the Township during 2011 with supporting documentation in township files. 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.

**Debt**

1. From the prior audit documentation, we noted the following loan outstanding as of December 31, 2010. This amount agreed to the Township's January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
Fire Truck Loan (Promissory Note)	\$27,032

2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.

3. We obtained a summary of note debt activity for 2011 and agreed principal and interest payments from the related debt amortization schedule to Fire III fund payments reported in the Appropriation Ledger. We also compared the date the debt payments were due to the date the Township made the payments. We found no exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Ledger and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). The minutes reflected persons appointed as zoning inspector and contract positions filled for Community Center Custodian and Cemetery Sexton (1099s issued); however, the minutes were silent as to compensation for said positions. In order to provide a proper accounting for the expenditure of public moneys, the minutes should reflect amounts to be paid for appointed and contracted positions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. We determined whether the fund and account codes 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 except as noted in step 4 below.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 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 3<sup>rd</sup> quarter withholding period of 2012. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare <u>(and social security for employees not enrolled in pension system)</u>	January 26, 2013	January 26, 2013	\$1,459.26	\$1,459.26
State income taxes	Not withheld		See exception	0
OPERS retirement	January 30, 2013	January 22, 2013	\$383.52	\$383.52

**Exception:** As noted above, State income taxes are not withheld for elected or appointed officials (per discussion with FO, most officials are retirees and all chose not to have it withheld).

3. For the pay periods ended April 2012 and November 2011, we recomputed the allocation of the Board' salaries to the General and Gas Tax Funds per the Appropriation Ledger. We found no exceptions.

4. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. The certifications indicated that all work performed January 1 through June 30 for each year was attributed to the General Fund and all work performed from July 1 through December 31 for each year was attributed to roads and paid from the Gas Tax Fund.

#### **Non-Payroll Cash Disbursements**

1. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for administration – other expenses and checks recorded as repairs, replacements in the Fire I Fund for 2012.
2. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2012 and ten from the year ended 2011 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 Appropriation Ledger 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, 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 test 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 YTD Financial Report for the General, Gas Tax and Fire I funds for the years ended December 31, 2012 and 2011. For estimated receipts, the fiscal officer reflected total certified resources (which included 1/1/12 and 1/1/11 unencumbered balances) on the YTD Financial Report. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Gas Tax and Fire I 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 Ledger for 2012 and 2011 for the following funds: General, Gas Tax, and Fire I. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger for 2011; however, appropriation amounts were not recorded in the appropriation ledger for 2012.
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,



Gas Tax and Fire I funds for the years ended December 31, 2012 and 2011. 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, 2012 and 2011 for the General, Gas Tax and Fire I funds, as recorded in the Appropriation Ledger. 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, 2012 and 2011. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the Permanent Improvement Fund during 2011 to segregate NOPEC grant receipts and disbursements, in compliance with Section 5705.09.
7. We scanned the 2012 and 2011 Revenue and Appropriation Ledgers for evidence of interfund transfers exceeding \$2,000 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.
8. We inquired of management and scanned the Appropriation Ledger 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.

#### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2012 and 2011 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). Per steps performed above, we identified no projects requiring the county engineer to complete a force account cost estimate.

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.

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

October 23, 2013



# Dave Yost • Auditor of State

**DORSET TOWNSHIP**

**ASHTABULA 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  
NOVEMBER 12, 2013**