



Dave Yost • Auditor of State



**NOTTINGHAM TOWNSHIP  
HARRISON COUNTY**

**TABLE OF CONTENTS**

**TITLE** \_\_\_\_\_ **PAGE**

Independent Accountants' Report On Applying Agreed-Upon Procedures..... 1

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Nottingham Township  
Harrison County  
81199 Redeye Road  
Freeport, Ohio 43973

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Nottingham Township, Harrison County, Ohio (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, 2013 and 2012, 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

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the Fund Status Report to the December 31, 2011 balances documented in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Status Report to the December 31, 2012 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, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2013 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2013 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 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.

### Property Taxes and Intergovernmental

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2013 and one from 2012:
  - 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 2013 and 2012. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. We selected all three receipts from the State Distribution Transaction Lists (DTL) from 2013 and all three from 2012. We also selected five receipts from the County Auditor's Cross Reference Report by Vendor Number from 2013 and five from 2012.
  - 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 one exception, in which the Township posted \$689 to the Road and Bridge Fund that should have been allocated to the Cemetery Fund. We brought this to management's attention. They corrected the fund balances for this item.
  - c. 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, 2013 and 10 over-the-counter cash receipts from the year ended 2012 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.
- c. Receipt was posted to the proper funds, and was recorded in the proper year. We found six receipts in 2013 and one receipt in 2012 for road damage reimbursements that were recorded in the General Fund that should have also been allocated to other funds. In 2013, \$4,692 in Motor Vehicle License Tax Fund receipts, \$2,977 in Gasoline Tax Fund receipts, and \$4,984 in Road and Bridge Fund receipts were improperly allocated to the General Fund. In 2012, \$1,897 in Motor Vehicle License Tax receipts and \$920 in Gasoline Tax Fund receipts were improperly allocated to the General Fund. We brought this to management's attention. They corrected the fund balances for these items. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

**Debt**

1. From the prior agreed-upon procedures documentation, we noted the following loan outstanding as of December 31, 2011. These amounts agreed to the Townships January 1, 2012 balances on the summary we used in step 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2011:</b>
USDA Loan	\$65,000

2. We inquired of management, and scanned the Revenue Ledger and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of loan debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedule to Gasoline Tax 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 no exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Wage Withholdings Detail Report and Payroll Register Detail Report, respectively, and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Withholdings Detail Report and Payroll Register Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. 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 Employee Listing Report. We also determined whether the payment was posted to the proper year. We found that Trustees were paid solely from the Gasoline Tax Fund for all of 2012 and for the first seven months of 2013, contrary to Ohio Rev. Code Section 505.24(C).

Ohio Rev. Code Section 505.24 (C) sets forth the method by which township trustees' compensation should be allocated. Trustee salary is required to be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee must 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.

Auditor of State Bulletin 2013-002 further clarified that townships were not permitted to allocate 100 percent of officials' salaries to restricted funds. As township officials are required to attend board meetings; and, such activities supporting the general business of the township must be all allocated to the general fund.

For 2012 and 2013, the Township failed to indicate what funds trustee salaries were to be paid within the resolution establishing the method of compensation. In addition, the trustees' salaries, taxes, OPERS, and insurance reimbursements were paid from the Gasoline Tax Fund exclusively from January 2012 through July 2013. In 2012, \$4,691 in General Fund salaries and related benefits were paid from the Gasoline Tax Fund. In 2013, \$4,099 in General Fund salaries related benefits were paid from the Gasoline Tax Fund.

**Payroll Cash Disbursements (Continued)**

We brought this matter to management's attention. They have corrected the fund balances for these items.

2. For any new employees selected in step 1 we determined whether the following information in the Employee Listing Report was consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department and funds to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 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 2013. 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	January 31, 2014	January 15, 2014	\$684	\$684
State income taxes	January 15, 2014	December 31, 2013	\$392	\$392
OPERS retirement	January 30, 2014	December 31, 2013	\$1,247	\$1,247

4. For the pay periods ended August 31, 2013 and May 31, 2012, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Fund per the Wage Detail Report and the Employee Detail Adjustment Report. We found exceptions related to the Trustees being paid solely from the Gasoline Tax Fund for all of 2012 and for the first seven months of 2013, as noted in procedure 1 above.
5. 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. We found no exceptions.
6. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 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.

### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended 2012 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 two 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 Revenue Status Report for the General, Gasoline Tax and Cemetery funds for the years ended December 31, 2013 and 2012. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$98,115 for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$68,590. The fiscal officer should periodically compare amounts recorded in the Revenue Status 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 scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Gasoline Tax and Cemetery 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 2013 and 2012 for the following funds: General Fund, Gasoline Tax Fund, and Cemetery Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, except for the Gasoline Tax Fund. The Appropriation Status Report recorded appropriations for the Gasoline Tax Fund of \$116,035 for 2013. However, appropriations approved by the Board of Trustees reflected \$139,535. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved by the Board of Trustees to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

#### **Compliance – Budgetary (Continued)**

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 Cemetery funds for the years ended December 31, 2013 and 2012. We noted that Gasoline Tax Fund appropriations for 2013 exceeded certified resources by \$23,458 and General Fund and Gasoline Tax Fund appropriations for 2012 exceeded certified resources by 19,711 and 11,221, respectively, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
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, 2013 and 2012 for the General, Gasoline Tax and Cemetery 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 Receipt Detail Report for evidence of new restricted receipts requiring a new fund during December 31, 2013 and 2012. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2013 and 2012 Revenue Status 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 and Court of Common Pleas.
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, 2013 and 2012 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**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 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.

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

Columbus, Ohio

June 16, 2014

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**NOTTINGHAM TOWNSHIP**

**HARRISON 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  
JULY 1, 2014**