



Dave Yost • Auditor of State



**BEARFIELD TOWNSHIP  
PERRY COUNTY**

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

Bearfield Township  
Perry County  
1795 Township Road 320  
Crooksville, Ohio 43731

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Bearfield Township, Perry 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, 2014 and 2013, 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, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Cash Journal to the December 31, 2012 balances as documented in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Cash Journal to the December 31, 2013 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2014 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, 2014 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 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.

### **Cash (Continued)**

6. We selected all reconciling credits (such as deposits in transit) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Receipts Journal. Each 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 selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipts Journal. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 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 Receipts Journal to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Journal included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2014 and all from 2013. We also selected five receipts from the County Auditor's Appropriation History Report from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Receipts Journal. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We noted the Township did not record a Federal Emergency Management Agency (FEMA) receipt in the amount of \$22,537 in a segregated Special Revenue Fund as required during 2014. The Township Fiscal Officer should record FEMA receipts and disbursements in a separate Special Revenue Fund as required by Ohio Rev. Code § 5705.09 and 2 CFR Part 176.210. We found no other exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Debt**

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Receipts Journal and Appropriation Ledger for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances, nor any debt payment activity during 2014 or 2013.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Payroll Record and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Record to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

**Payroll Cash Disbursements (Continued)**

- 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.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 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 2014. 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	1/31/15	1/14/15	\$666	\$666
State income taxes	1/15/15	12/22/14	\$361	\$361
OPERS retirement	1/30/15	12/22/14	\$1,363	\$1,363

3. For the pay periods ended August 27, 2014 and April 25, 2013, we recomputed the allocation of the Boards' salaries to the General and Motor Vehicle License Tax Funds per the Payroll Record and Appropriation Ledger. We found no exceptions with the allocation, except the Trustees utilized time logs rather than the required certifications to document their work performed. Each Trustee should 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, in accordance with Ohio Rev. Code § 505.24(C). The Fiscal Officer should obtain the required certifications from the Trustees each pay period prior to issuing the corresponding payment. A sample certification is attached to Auditor of State Bulletin 2011-007.
4. As noted in step 3, the Trustees did not complete the supporting certifications Ohio Rev. Code § 505.24(C) requires. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to supporting time logs. For the pay period ended April 25, 2013 we noted the Boards' salaries were paid entirely from the Motor Vehicle License Tax Fund; however, each Board member documented certain time spent on administrative duties. For the pay period ended August 27, 2014 we noted the Boards' salaries were paid entirely from the General Fund. Further investigation noted the Township paid the Boards' salaries for nine months from the General Fund and for three months from the Motor Vehicle License Tax Fund each year. We scanned supporting time logs for evidence that documented time spent on road activities exceeded amounts charged to the Motor Vehicle License Tax Fund. No exceptions were noted.
5. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2014 and 2013 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.

**Non-Payroll Cash Disbursements**

1. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for *General Government*, and checks recorded as *Public Works* in the Gasoline Tax Fund for 2014. We found no exceptions.

### Non-Payroll Cash Disbursements (Continued)

2. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2014 and ten from the year ended 2013 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 § 5705.41(D). We found one instance where a disbursement requiring certification was not certified and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code § 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. The Fiscal Officer should certify all disbursements requiring certification or issue a *Then and Now Certificate* as required by Ohio Rev. Code § 5705.41(D).

### Compliance – Budgetary

1. The Receipts Journal did not record budgeted (i.e. certified) resources for the Township. Therefore, we were unable to compare the total estimated receipts required by Ohio Rev. Code § 5705.36(A)(1), to the amounts recorded in the Receipts Journal for the years ended December 31, 2014 and 2013. The Fiscal Officer should record estimated receipts in the accounting system and periodically compare amounts recorded in the Receipts Journal 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 2014 and 2013 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 § 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2014 and 2013 for the following funds: General, Gasoline Tax and Fire. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
4. Ohio Rev. Code §§ 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 Cemetery Funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code § 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, 2014 and 2013 for the General, Motor Vehicle License Tax and Gasoline Tax Funds, as recorded in the Appropriation Ledger. We noted no funds for which expenditures exceeded appropriations.



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

6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts Journal for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Township received new restricted receipts. As previously noted, during 2014, the Township received a FEMA receipt in the amount of \$22,537 which was not recorded in a separate Special Revenue Fund as required by Ohio Rev. Code § 5705.09 and 2 CFR Part 176.210. The Township Fiscal Officer should segregate FEMA receipts and disbursements in a Special Revenue Fund as required by Ohio Rev. Code § 5705.09 and 2 CFR Part 176.210.
7. We scanned the 2014 and 2013 Cash Journal, Receipts Journal and Appropriation Ledger for evidence of interfund transfers exceeding \$10 which Ohio Rev. Code §§ 5705.14 - .16 restrict. We noted the Township recorded transfers totaling \$7,000 from the Gasoline Tax Fund to the General Fund. Ohio Rev. Code § 5705.14 does not permit these transfers. We therefore requested management to adjust this amount to the Gasoline Tax Fund. We noted the Fiscal Officer adjusted this amount on October 30, 2015.
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 § 5705.13. We noted the Township did not establish these reserves.
9. We scanned the Cash Journal for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code § 5705.10 (l) 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. As noted in step seven above, the Township made unallowable transfers totaling \$7,000 from the Gasoline Tax Fund to the General Fund. Had the Township not made the unallowable transfers, the result would have been a negative fund balance in the General Fund of \$1,625 at December 31, 2014 and \$569 at December 31, 2013. Fund cash balances should be reviewed regularly to evaluate the reasoning behind a negative cash balance and determine how to correct the situation when necessary. The Township's management should ensure that money from one fund is not used to cover the expenses of another fund.

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

We inquired of management and scanned the Appropriation Ledgers for the years ended December 31, 2014 and 2013 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 § 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.

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**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 19, 2015



# Dave Yost • Auditor of State

**BEARFIELD TOWNSHIP**

**PERRY 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  
DECEMBER 1, 2015**