



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Jerome Township
Union County
9777 Industrial Pkwy
Plain City, Ohio 43064

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Jerome Township (the Township) and the Auditor of State 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 and Investments

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 Fund Journal to the December 31, 2012 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Journal to the December 31, 2013 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, 2014 and 2013 fund cash balances reported in the Fund Journal. The amounts agreed.
4. We confirmed the December 31, 2013 bank account balances with the Township's financial institutions. 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 statements. We noted that one check, check #36457, did not clear the subsequent January bank statement.
 - 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 and Investments (continued)

6. We selected one reconciling credit (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 Receipt Journal. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2014 and 2013 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
8. We tested investments held at December 31, 2014 and December 31, 2013 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 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Journal. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) 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 Receipt Journal to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipt Journal included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five 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 Receipt Journal. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found that \$908.60 for Undivided Liquor Permit was receipted to Fire District Fund rather than to the General Fund. We brought this to management's attention and they posted an adjustment to the accounting records to correct the General and Fire District fund balances for this item. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (continued)

4. We confirmed the amounts paid from the Jerome Village Community Authority to the Township during 2014 and 2013 with the Authority.
 - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

5. We confirmed the amounts paid from Millcreek Township to the Township during 2014 and 2013 for fire contract services with Millcreek Township.
 - a. We determined whether these receipts were allocated to the proper fund(s). 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 Promissory Note outstanding as of December 31, 2012. These amounts agreed to the Townships January 1, 2013 balance on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
Promissory Note	\$140,000.00

2. We inquired of management, and scanned the Receipt 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, or any debt payment activity during 2014 and 2013 other than payments related to promissory note listed above. Review of the minutes noted no new debt issuances.

3. We obtained a summary of loan activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedule(s) to debt service fund payments reported in the Appropriation Ledger. We found no exceptions. We also compared the date the loan payments were due to the date the Township made the payments. We determined that in 2014 payments were due on 4/15 and 10/15 but were made on 4/21 and 10/20, accordingly. We noted that for 2013, payments were made on 4/21 and 10/21. We recommend the Township make the payments by the required dates.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 and non-statistically select five additional payroll checks from each year for the Zoning Inspector/Development Director from the Paychex Payroll Journal and:
 - a. We compared the hours and pay rate, or salary recorded in the Paychex Payroll Journal to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (continued)

2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files and minute record 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(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding

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

3. 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:

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, 2015	12/31/14	11,035.72	11,035.72
State income taxes	January 15, 2015	1/15/15	3,565.47	3,565.47
Local income tax	January 31, 2015	12/29/14	1,285.95	1,285.95
OPERS retirement	January 30, 2015	12/29/14	4,254.29	4,254.29
OP&F retirement	January 31, 2015	12/29/14	31,460.54	34,460.54

4. For the pay periods ended March 15, 2014 and August 29, 2013, we recomputed the allocation of the Boards' salaries to the General and Road and Bridge Fund per the Appropriation Ledger. We found no exceptions.
5. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to time or activity sheets. The Township Appropriation Ledgers agreed to the Trustee Time Allocation. We found no exceptions.
6. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agree the computation to the amount paid as recorded in the Paychex Payroll Journal:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Township's payout policy

The amount paid was consistent with the information recorded in a. – c above.

Payroll Cash Disbursements (continued)

7. 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. We haphazardly selected ten disbursements from the Vendor Payment Report 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 Vendor Payment 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 clerk 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 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 Receipt Account Status Report for the General, Road & Bridge, and Fire District funds for the years ended December 31, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Road & Bridge, and Fire District 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 2014 and 2013 for the following funds: General, Road & Bridge, and Fire District 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, Road & Bridge, and Fire District funds for the years ended December 31, 2014 and 2013. We noted 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, 2014 and 2013 for the General, Road & Bridge, and Fire District 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 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. 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 2014 and 2013 Receipt Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$25,000 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 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, 2014 and 2013 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 scan the Appropriation Ledger 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 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.

The Township has responded to exceptions noted in this Agreed-Upon Procedures report. You may obtain a copy of their responses from Township Fiscal Officer Robert Caldwell.

We were not be 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

December 7, 2015

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JEROME TOWNSHIP

UNION 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
JANUARY 12, 2016**