



Dave Yost • Auditor of State

**MEDINA TOWNSHIP
MEDINA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Medina Township
Medina County
3799 Huffman Road
Medina, Ohio 44256

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Medina Township, Medina 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, 2015 and 2014, 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, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Cash Summary By Fund Report to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Cash Summary By Fund Report to the December 31, 2014 balances in the Cash Summary By Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 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, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statements. 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 and Investments (continued)

6. We selected the only reconciling credit from the December 31, 2015 bank reconciliation. The credit was an overpayment to the OPERS retirement system:
 - a. We traced the overpayment on the bank reconciliation to the Fiscal Officer's calculation without exception.
 - b. We agreed the credit amount to the January 2016 OPERS payment, noting the overpayment was deducted from the amount due.

7. We tested investments held at December 31, 2015 and December 31, 2014 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 2015 and one from 2014:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Export Report. The amounts did not agree for the final second half settlement of the year ended 2015 or final first half settlement of the year ended 2014. We also traced the advances noted on the Statement to the Receipt Export report. In 2015, the Township posted related expenditures in each fund after each advance, rather than recording the expenditures at the time of the final settlement, resulting in an overstatement of tax revenue and related expenditures as follows: General Fund \$6,340, Road and Bridge Fund \$6,343, Fire Levy Fund \$9,526, Fire Rescue and Ambulance EMS Services Fund \$4,879 and Police Levy Fund \$14,627. In 2014, the Township posted receipts net of deductions, resulting in an understatement of tax revenue and related expenditures as follows: General Fund \$11,832, Road and Bridge Fund \$7,671, Fire Levy Fund \$11,538, Fire Rescue and Ambulance EMS Services Fund \$5,899 and Police Levy Fund \$17,688.
 - 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. The Township posted the final first half settlement of the year ended 2014 to the General Fund, resulting in an overstatement of the tax revenue in the General Fund by \$25,202 and an understatement of tax revenue in the Road and Bridge Fund, Fire Levy Fund, Fire Rescue and Ambulance EMS Services Fund, and Policy Levy Fund by \$4,518, \$6,798, \$3,474, and \$10,412, respectively. These adjustments were made to the Township's accounting system.
 - 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 Export Report to determine whether it included two real estate tax receipts plus seven advances each for 2015 and 2014. We noted the Receipts Export Report included the proper number of tax receipts for each year.

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

3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014.
 - a. We compared the amount from the above report to the amount recorded in the Receipt Export Report. 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 Medina County to the Township during 2015 and 2014. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund(s). In 2014, we noted \$5,874 was allocated to the Gasoline Tax Fund and should have been allocated to the Permissive Motor Vehicle License Tax Fund. No adjustment was made to the accounting system, as the funds accounted for similar activities. We found no other exceptions.
 - b. 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, 2015 and 10 over-the-counter cash receipts from the year ended December 31, 2014 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Export Report. 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 fund, and was recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2013.
2. We inquired of management, and scanned the Receipt Export Report and Payment Export Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. We noted no new debt issuances, nor any debt payment activity during 2015 and 2014.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Paychex, Inc. biweekly Payroll Journal and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Journal to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one instance where an employee was paid for 9.5 hours more than the hours recorded on his timecard, resulting in an overpayment of \$220. We brought this to management's attention. We recommend the Township seek reimbursement from the employee for the overpayment. Additionally, the Township should ensure adequate internal controls are in place for the proper entry of timesheet hours, including review of hours by a person independent of one entering the information. Because we did not test all timecards, our report provides no assurance whether or not other similar errors occurred.
 - 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 minutes. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in step 1 we determined whether the following information in the employee's personnel files 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
 - 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, 2015 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 2015. We noted the following:

Withholding (plus employer share, where applicable)	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Due</u>	<u>Amount Paid</u>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2016	December 30, 2015	\$7,040	\$7,040
State income taxes	January 15, 2016	December 30, 2015	920	920
OPERS retirement	January 30, 2016	January 4, 2016	20,826	20,826

Payroll Cash Disbursements (continued)

4. We inquired of management and scanned the Payment Export Report for the years ended December 31, 2015 and 2014 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 Payment Export Report for the year ended December 31, 2015 and ten disbursements from the year ended December 31, 2014 and determined whether:
 - a. The disbursements were for a proper public purpose. We found one instance in 2015 where the Township reimbursed an employee a conference registration fee which included \$25 for a casino night. We are unable to determine this expenditure is for a proper public purpose.
 - 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 Export 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 in 2015 and three instances in 2014 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 Police District funds for the years ended December 31, 2015 and 2014. The amounts on the Certificate did not agree to the amounts recorded in the accounting system, for all selected funds. For 2015, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Gasoline Tax and Police District funds of \$757,270, \$109,872, and \$971,200, respectively. However, the final Amended Official Certificate of Estimated Resources reflected \$895,021, \$112,270 and \$978,999, respectively. For 2014, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Gasoline Tax and Police District funds of \$717,772, \$105,000, and \$959,200 for 2014, respectively. However, the final Amended Official Certificate of Estimated Resources reflected \$717,072, \$245,000 and \$957,300, respectively. 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.

Compliance – Budgetary (continued)

2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Gasoline Tax and Police District funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as 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 2015 and 2014 for the following funds: General, Gasoline Tax, and Police District. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report, with the exception of the General Fund in 2015. The appropriation status report recorded appropriations of \$769,148. However, the appropriation resolutions plus amendments reflected \$768,648. All appropriation amendments should be formally adopted by the Township Trustees. Additionally, amounts recorded in the accounting system should be periodically compared to the appropriation amendments to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and to monitor spending.
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 Police District funds for the years ended December 31, 2015 and 2014. 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, 2015 and 2014 for the General, Gasoline Tax and Police 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 Export Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. 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 2015 and 2014 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10 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, 2015 and 2014 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Export Report for the years ended December 31, 2015 and 2014 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

Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Township filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

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.



Dave Yost
Auditor of State

Columbus, Ohio

July 19, 2016

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MEDINA TOWNSHIP

MEDINA 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
AUGUST 25, 2016**