



Dave Yost • Auditor of State





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

Mount Pleasant Township  
Jefferson County  
517 Pinewood Drive  
Adena, Ohio 43901

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Mount Pleasant Township (the Township) on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. 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 recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Status Report to the December 31, 2015 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 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, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balance with the Township's financial institution. We found no exceptions.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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. There were no exceptions.

### Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We inspected the Revenue Ledger Report to confirm 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 inspected the Revenue Ledger Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Revenue Ledger Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the Jefferson County Auditor's Vendor Detail Report from 2017 and five from 2016.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We inspected the Revenue Ledger Report to determine that these receipts were allocated to the proper funds. We found no exceptions
  - c. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### Debt

1. From the prior audit documentation, we observed the following loan was outstanding as of December 31, 2015. This amount agreed to the Township's January 1, 2016 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
Dump Truck Loan	\$2,030

2. We inquired of management, and inspected the Revenue Ledger Report and Payment Export Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2017 and 2016 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 debt payments were charged to the public works disbursement line item rather than the principal and interest disbursement line items in the Gasoline Tax Fund.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Payment Export Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledgers to supporting documentation (timecard, legislatively or statutorily-approved rate or salary. For 2016, we found no exceptions. For 2017, we found the Trustees and Fiscal Officer were paid at a rate lower than the authorized rate the approved certificate of estimated resources allows. As a result, the Trustees and Fiscal Officer were underpaid in the amounts of \$47, \$43, \$43, and \$130 for the 2017 pay period tested. Because we did not calculate all months' pay rates, our report provides no assurance whether or not other similar errors occurred.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record or required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
  
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm 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 2017. We observed 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, 2018	December 28, 2017	\$910	\$910
State income taxes	January 15, 2018	December 28, 2017	162	162
OPERS retirement	January 30, 2018	December 28, 2017	1,556	1,744

As shown above, as of the date of this report, the Township has over paid OPERS in the amount of \$188. This is due to the Fiscal Officer remitting based on incorrect wage earnings for the month of December 2017. The Fiscal Officer is aware that he reported incorrect wages earned for the month of December and that he remitted \$188 more than required. Withholdings in the payroll ledger are correct as they relate to wages earned. The Fiscal Officer has made OPERS aware of this matter and he is taking the necessary steps to rectify the matter.

3. For the pay periods ended April 28, 2017 and August 31, 2016, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax and General and Road and Bridge Fund per the Payment Export Report. We found the Township did not allocate the salaries in accordance with the certification forms in both years and we expanded testing to cover each pay period in 2017 and 2016.

**Ohio Rev. Code § 5705.10** restricts the use of monies spent out of the Gasoline Tax and Road and Bridge funds. During 2017 and 2016, the Township expended monies from the General, Gasoline Tax and Road and Bridge funds to pay employees' salaries. **Ohio Rev. Code § 505.24(D)** states for Trustees to paid from any funds other than the general fund, a resolution must be passed and specify the proportions of the salary that are to be paid from each fund. The Township did not pass the required resolution. If Trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of time spent on working matters that are to be paid from funds other than the general fund.

In 2017, Township Trustees signed certification forms stating the Trustees will be paid 100 percent or 80 percent from General Fund and 20 percent from Gasoline Tax and Road and Bridge Special Revenue Funds each month. In 2016, the Township Trustees signed certification forms stating the Trustees will be paid 20 percent or 10 percent from the General Fund and 90 percent or 80 percent from the Gasoline Tax and Road and Bridge Special Revenue Funds. However, the Township did not adhere to certification forms or equivalent time records.

The following variances were identified:

2017

Fund	Amount Charged	Amount to be Charged per Certification	Variance
General	\$7,058	\$21,511	\$14,453
Gasoline Tax Special Revenue	8,766	2,195	(6,571)
Road and Bridge Special Revenue	10,516	2,634	(7,882)

2016

Fund	Amount Charged	Amount to be Charged per Certification	Variance
General	\$4,517	\$3,020	(\$1,497)
Gasoline Tax Special Revenue	12,503	13,594	1,091
Road and Bridge Special Revenue	8,872	9,278	406

Had the amount been properly expended from the General, Gasoline Tax and Road and Bridge Funds, the net effect as of and for the year ended December 31, 2017 would have been the following:

1. Increase disbursements in the General Fund by \$12,956 and decrease the fund cash balance to \$48,375;
2. Decrease disbursements in the Gasoline Tax Special Revenue Fund by \$5,480 and to increase the cash fund balance to \$48,090; and
3. Decrease disbursements in the Road and Bridge Special Revenue Fund by \$7,476 and to increase the fund cash balance to \$61,461.

The Township has made the requested adjustments.

The Township should pass a resolution annually stating the funds and percentages that will be charged to each fund and ensure the proper percentage has been allocated each pay period.

4. For the pay periods described in the preceding procedure, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
5. We inquired of management and inspected the Payment Export Report for the years ended December 31, 2017 and 2016 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

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

1. We haphazardly selected ten disbursements from the Payment Export Report for the year ended December 31, 2017 and ten from the year ended 2016 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 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 no exceptions.

### **Compliance – Budgetary**

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* for 2016 and Amended Official Certificate of Estimated Resources for 2017, 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 Road and Bridge funds for the years ended December 31, 2017 and 2016. The amounts agreed for 2017, however, the Township failed to remit the amounts approved by the Board of Trustees and did not receive a Certificate of the Total Amount from All Sources Available for Expenditures and Balances in 2016. For 2016, we compared the amounts approved by the Board to the amounts recorded in the Revenue Status report without exception.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Gasoline Tax and Road and Bridge 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 2017 and 2016 for the following funds: General, Gasoline Tax and Road and Bridge. 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, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2017 and 2016. There were 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, 2017 and 2016 for the General, Gasoline Tax and Road and Bridge fund, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Export Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.

7. For funds existing in prior years, inspect the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 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. No funds had a negative cash fund balances.

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

We inquired of management and inspected the Payment Export Report for the years ended December 31, 2017 and 2016 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**

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed upon procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, however, financial information, including notes for both years were filed on April 24, 2018 which was not within the allotted timeframe.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

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

September 24, 2018

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# Dave Yost • Auditor of State

**MT. PLEASANT TOWNSHIP**

**JEFFERSON 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  
OCTOBER 9, 2018**