



Dave Yost • Auditor of State





# Dave Yost • Auditor of State

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

Pleasant Township  
Clark County  
P.O. Box 39  
Catawba, Ohio 43010

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Pleasant Township (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 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 Ledger Report 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 Ledger Report 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 Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances 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.
6. 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.

### **Cash and Investments (Continued)**

7. 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 and Intergovernmental 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 Register Report. 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipt Register Report 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 Vendor History Expense Report from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found two exceptions. In both instances, Permissive Motor Vehicle License Tax money was incorrectly recorded to the Motor Vehicle License Tax Fund instead of the Permissive Motor Vehicle License Tax Fund. Failure to record all receipts to the correct fund could lead to misstated fund balances and monies being used for purposes that aren't in accordance with the intended purposes of the fund and related revenue. The Township should review the Ohio Township Handbook and UAN chart of accounts to verify that all revenue sources are posted to the proper fund.
  - 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, 2014 and 10 over-the-counter cash receipts from the year ended 2013 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Register 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. From the prior audit documentation, we noted the following loan outstanding as of December 31, 2012. This amount agreed to the Township's January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
OPWC Loan	\$304,500

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3. We noted no new debt issuances.
3. We obtained a summary of loan debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedule to Road and Bridge 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 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.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the Payroll Record and Payment 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 employees' personnel files or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions related to the payment being posted to the proper year. See payroll step 3 below for description of exceptions related to the allocation of salary and health insurance reimbursements to funds other than the General Fund for the elected officials for 2014 and 2013.
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:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes, Medicare, and Social Security	January 31, 2015	February 25, 2015	\$4,312	\$4,312
State income taxes	January 15, 2015	February 25, 2015	\$343	\$343
OPERS retirement	January 30, 2015	February 25, 2015	\$2,420	\$2,420

### **Payroll Cash Disbursements (Continued)**

As noted above, the Township did not pay Federal withholdings (income taxes, Medicare, and social security), State income taxes, and OPERS retirement before the established due dates. The Township should implement policies and procedures to verify that all withholdings and required remittances are paid prior to the established due dates. Failure to pay withholdings and remittances prior to the due date could result in the Township being assessed late fees and interest penalties.

3. For the pay periods ended November 3, 2014 and July 1, 2013, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General, Motor Vehicle License Tax, Road & Bridge, Cemetery, and Fire Funds per the Payroll Record. We found that payroll was not properly allocated to the funds for the pay periods reviewed, based upon the payroll certifications signed by the Trustees and Fiscal Officer. Payments were allocated according to the signed certifications for net pay only. Each Trustee and the Fiscal Officer were assigned a particular fund for each year and all related withholdings and the related insurance reimbursement was paid from this particular fund, rather than from the funds identified on the signed certifications. Given these errors, we expanded our review to include all pay periods during 2014 and 2013. We also expanded our review to include the allocation of all health insurance premium reimbursements to the elected officials that occurred during 2014 and 2013.

To be paid on a salary basis in equal monthly installments, the board of trustees must unanimously pass a resolution to allow it. To be paid from any funds other than the general fund, the resolution must also specify the proportions of the salary that are to be paid from each fund (ORC 505.24(C)). If trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. A sample certification is attached to AOS bulletin 2011-07. If 100% of the compensation of the township trustee is to be paid from the general fund, no certification is required.

Fiscal officers compensated from funds other than the general fund must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. They must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. A sample certification is attached to AOS bulletin 2011-07. If 100% of the compensation of the township fiscal officer is to be paid from the general fund, no certification is required.

The Township officials prepared monthly, signed certifications for 2014 and 2013; however, the funds charged for the payment of salary and reimbursement of officials' health insurance premiums did not agree to the fund allocations on the signed certifications. Based on the signed certifications, we recalculated the fund allocations and determined that the fund balances were misstated by cumulative amounts as follows at December 31, 2014:

### Payroll Cash Disbursements (Continued)

- General Fund was overstated by \$4,304
- Road & Bridge Fund was understated by \$2,677
- Cemetery Fund was overstated by \$11,646
- Motor Vehicle License Tax Fund was understated by \$11,234
- Fire Fund was understated by \$2,039

We brought this to the Township's attention and the Township's accounting system was adjusted to correct these fund balance misstatements.

The Township should implement procedures to verify that the funds charged to pay for salaries (gross pay) and health insurance reimbursements agree to the fund allocation that is documented on the signed payroll certifications.

4. For the pay periods described in the preceding step, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. Exceptions related to the allocation of salary are described in step 3 above.
5. We inquired of management and scanned the Payment Register Detail Report 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. 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, 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 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 seven 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, Cemetery, and McClenen Cemetery Trust funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amount recorded in the accounting system for 2013. However, 2014 amounts did not agree for all funds tested. For 2014, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$248,812, the Cemetery Fund of \$17,165, and the McClenen Cemetery Trust Fund of \$7,671. The final *Amended Official Certificate of Estimated Resources* reflected \$54,704 for the General Fund, \$27,000.00 for the Cemetery Fund, and \$0 for the McClenen Cemetery Trust Fund. The Township 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 2014 and 2013 to determine whether, for the General, Cemetery, and McClenen Cemetery Trust 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, Motor Vehicle License 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, Motor Vehicle License Tax, and Road and Bridge Funds for the years ended December 31, 2014 and 2013. 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, 2014 and 2013 for the General, Motor Vehicle License Tax, and Road and Bridge 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 Register Report 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 Revenue Status Reports and Appropriation Status Reports for evidence of inter-fund transfers 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.



**Compliance – Budgetary (Continued)**

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 negative cash fund balance.

**Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report 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.

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

December 9, 2015

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**PLEASANT TOWNSHIP**

**CLARK 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 5, 2016**