



Dave Yost • Auditor of State





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

Staunton Township  
Miami County  
3855 DeWeese Road  
Troy, Ohio 45373

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Staunton Township (the Township) on the receipts, disbursements and balances recorded in the Township's 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 and Investments

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 Cash Summary by Fund Report to the December 31, 2015 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2016 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, 2017 and 2016 fund cash balances reported in the Cash Summary by Fund Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balance with the Township's financial institution. We identified that the Township had not recorded interest revenue earned on a certificate of deposit (CD) account at December 31, 2017. The balance of the CD, plus earned interest revenue, was rolled into a new CD during 2017 and 2016. The balance of the CD was \$776 greater than the amount carried on the Township's accounting system at December 31, 2017. The Township should implement procedures to verify that interest earnings are recorded on the accounting system when earned (when the CD matures and it is rolled into a new CD).

**Cash and Investments (Continued)**

5. We selected four reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions except for an "other adjusting factor" of \$50 that was shown on the December 31, 2017 bank reconciliation that did not clear the bank in January or February 2018. This item was also on the December 31, 2016 bank reconciliation. The Township should investigate and correct any "other adjusting factors" in a timely manner.
  - 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.
  
6. We inspected investments held at December 31, 2017 and December 31, 2016 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 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 Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register 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 Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
  
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Register Report included the proper number of tax receipts for each year.
  
3. We selected all four receipts from the State Distribution Transaction Lists (DTL) from 2017 and all four receipts from 2016. We also haphazardly selected five receipts from the Miami County Vendor Fiscal Year Summary from 2017 and five from 2016.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following lease was outstanding as of December 31, 2015. These amounts agreed to the Township's January 1, 2016 balances on the summary we used in procedure 3.

	<b>Principal outstanding as of December 31, 2015:</b>
Truck Lease-Purchase	\$11,347

**Debt (Continued)**

2. We inquired of management, and inspected the Revenue Ledger and Appropriation Ledger 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 lease debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to gasoline tax fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the gasoline tax fund per the Revenue Ledger. The amounts agreed.
5. For new lease issued during 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a tractor. We inspected the Appropriation Ledger and observed the Township purchased a tractor in July of 2017.

**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 Appropriation Ledger and:
  - a. We compared the salary recorded in the Appropriation Ledger to statutorily-approved salary. We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the Appropriation Ledger. We found no exceptions.
  - c. 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 as 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	February 28, 2018	\$933	\$1,843 (includes overpayment to apply to future liability)
OPERS retirement	January 30, 2018	December 18, 2017	\$1,322	\$1,322

As stated above, the Township remitted the 2017 4<sup>th</sup> quarter tax liability due to the Internal Revenue Service (IRS) approximately one month after the due date. Additionally, the federal income tax withheld from wages reported on the 2017 4<sup>th</sup> quarter form 941 did not agree to the applicable supporting documentation and the Township paid more than what was due to the IRS. The Township should pay all remittances timely so that no late charges or interest fees are assessed to the Township. Additionally, the Township should verify that the withholding and remittance amount is properly supported and the proper amount is paid to the applicable agency.

### Payroll Cash Disbursements (Continued)

3. For the pay periods ended April 2017 and June 2016, we recomputed the allocation of the Boards' salaries to the General, Gasoline Tax, and Road and Bridge Funds per the Appropriation Ledger. We identified exceptions whereby all three trustees were not paid from funds in accordance with the completed and signed payroll certifications for the June 2016 compensation. Given these errors, we expanded our review to include all pay periods during 2016.

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 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 spent during that pay period providing services related to each fund to be charged. A sample certification is attached to Auditor of State Bulletin 2011-007. If 100% of the compensation is to be paid from the General Fund, no certification is required.

We recalculated the fund allocations and determined that the fund balances were misstated by cumulative amounts as follows at December 31, 2016:

- General Fund was understated by \$1,600,
- Gasoline Tax Fund was overstated by \$500, and
- Road and Bridge Fund was overstated by \$1,100.

These amounts were not material to the applicable fund balances of the Township at December 31, 2017 and, therefore, were not adjusted.

The Township should implement procedures to verify that signed payroll certifications specify percentage allocations for trustee time spent on activity related to applicable funds. The certifications should be completed at the end of the month and before compensation is paid. All wages, health insurance premiums, and other related costs should be charged to the applicable funds accordingly.

4. For the pay periods described in the preceding procedure, we traced the Boards' salaries for time or services performed to supporting certifications the Revised Code requires. Exceptions related to the 2016 allocation of salary are described in step 3 above.
5. We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2017 and 2016 to determine if township officials 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 Register Detail 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 Register Detail Report and to the names and amounts on the supporting invoices. We found one exception in which a March 2016 check was entered into the accounting system as a payment to a vendor; however, the actual check was issued to a trustee for a monthly salary payment. This was caused by the Township entering the incorrect vendor in the accounting system as the Township manually entered transactions into the accounting system during its conversion from a manual accounting system to the Uniform Accounting Network (UAN). The Township should implement procedures to verify that information entered into UAN is accurate.
  - 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 six instances in 2016 and five instances in 2017 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 inspect 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 Fire Special Levy funds for the years ended December 31, 2017 and 2016. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund and Fire Special Levy Fund for 2016. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund and Fire Special Levy fund of \$64,412 and \$159,142, respectively, for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$62,234 and \$154,552 for the General Fund and Fire Special Levy fund, 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.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Gasoline Tax and Fire Special Levy 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 Fire Special Levy Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.

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

4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax, and Fire Special Levy funds for the years ended December 31, 2017 and 2016. General fund appropriations for 2016 exceeded certified resources by \$2,177, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
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 Fire Special Levy funds, 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 Register 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, we inspected 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 any interfund 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 (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 (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. No funds had a negative cash fund balances.

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

We inquired of management and inspected the Payment Register Detail 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. The Auditor of State established policies, such as filing extensions for extenuating circumstances and, allowing for refiling of complete financial statements, in the Hinkle System for December 31, 2017 and 2016 fiscal year ends as defined in AOS Bulletin 2015-007, subsequent to the Township's deadline where the initial filing was filed on time, but incomplete. We confirmed the Township filed its complete financial statements, as defined by Auditor of State policy, for the years ended December 31, 2017 and 2016 in the Hinkle system. Financial information was filed on March 2, 2018 for 2017, and March 20, 2017 for 2016, which was not within the allotted timeframe.
2. We inspected the Fiscal Integrity Act Portal to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Sections 507.12 and 733.81. The Fiscal Officer obtained the required training.

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.



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

August 10, 2018

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# Dave Yost • Auditor of State

**STAUNTON TOWNSHIP**

**MIAMI 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 30, 2018**