



OHIO AUDITOR OF STATE
KEITH FABER



**YORK TOWNSHIP
BELMONT COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

York Township
Belmont County
53420 York Drive
Powhatan Point, Ohio 43942

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of York Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our adverse audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on the U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Basis for Adverse Opinion on the Regulatory Basis of Accounting

As described in Note 12 of the 2018 and the 2017 financial statements, The Township failed to establish an Agency Fund in 2018 and 2017. As a result, the Township has not recorded an adjustment of \$50,000 from a Special Revenue Fund to an Agency Fund for a road bond received in 2015. In addition, the Township received fees from oil and gas companies for road repairs in the amounts of \$4,400 and \$85,084 in 2016 and 2015, respectively, which were posted to the General Fund rather than a Special Revenue Fund. Finally, the Township posted a portion of the Trustee's salaries in the amounts of \$25,932 and \$8,272 in 2018 and 2017, respectively, to Special Revenue Funds without the proper certifications. Without the proper certifications, these amounts should have been charged to the General Fund. Findings for Adjustment issued for non-compliance for the aforementioned items have not been posted by the Township.

Adverse Opinion on the Regulatory Basis of Accounting

In our opinion, because of the effects of the matter described in the *Basis for Adverse Opinion on the Regulatory Basis of Accounting* paragraph, the financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of York Township, Belmont County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the Township has suffered recurring losses and if the adjustments noted in the *Basis for Adverse Opinion on the Regulatory Basis of Accounting* paragraph were made, the General Fund would have a negative \$47,029 fund balance at December 31, 2018 and a negative \$44,375 fund balance at December 31, 2017. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

January 10, 2020

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York Township
Belmont County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$60,149	\$292,823	\$0	\$0	\$352,972
Intergovernmental	47,383	110,575	0	0	157,958
Earnings on Investments	91	167	0	0	258
Miscellaneous	5,550	24,798	0	0	30,348
<i>Total Cash Receipts</i>	<u>113,173</u>	<u>428,363</u>	<u>0</u>	<u>0</u>	<u>541,536</u>
Cash Disbursements					
Current:					
General Government	86,411	22,162	0	0	108,573
Public Safety	0	177,700	0	0	177,700
Public Works	0	88,583	0	0	88,583
Health	2,250	0	0	0	2,250
Capital Outlay	0	13,651	0	0	13,651
<i>Total Cash Disbursements</i>	<u>88,661</u>	<u>302,096</u>	<u>0</u>	<u>0</u>	<u>390,757</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>24,512</u>	<u>126,267</u>	<u>0</u>	<u>0</u>	<u>150,779</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	0	244	991	1,235
Transfers Out	(1,234)	0	0	0	(1,234)
Other Financing Sources	0	83	0	0	83
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,234)</u>	<u>83</u>	<u>244</u>	<u>991</u>	<u>84</u>
<i>Net Change in Fund Cash Balances</i>	23,278	126,350	244	991	150,863
<i>Fund Cash Balances, January 1</i>	<u>53,381</u>	<u>320,382</u>	<u>77</u>	<u>2,503</u>	<u>376,343</u>
Fund Cash Balances, December 31					
Restricted	0	148,960	321	3,494	152,775
Committed	0	297,772	0	0	297,772
Unassigned (Deficit)	76,659	0	0	0	76,659
<i>Fund Cash Balances, December 31</i>	<u>\$76,659</u>	<u>\$446,732</u>	<u>\$321</u>	<u>\$3,494</u>	<u>\$527,206</u>

The notes to the financial statements are an integral part of this statement.

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York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the York Township, Belmont County (the Township), as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Powhatan Point Volunteer Fire Department to provide fire and EMS services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Special Levy Fund (Fire and Ambulance/ EMS) The special levy fund receives property tax money to provide fire protection and EMS services to Township residents.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Special Assessment Fund The special assessment debt service fund is used for debt payments for the Township.

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Miscellaneous Capital Projects Fund The miscellaneous capital projects fund is to be used for capital projects for the Township.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Special Levy fund by \$30,967 for the year ended December 31, 2018. Also contrary to Ohio law, appropriations exceeded estimated resources in the General and Gasoline Tax funds by \$69,129 and \$86,821, respectively, for the year ended December 31, 2018.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,077	\$113,173	\$50,096
Special Revenue	277,008	428,446	151,438
Debt Service	0	244	244
Capital Projects	0	991	991
Total	\$340,085	\$542,854	\$202,769

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$221,742	\$89,895	\$131,847
Special Revenue	593,022	302,096	290,926
Debt Service	442	0	442
Capital Projects	2,524	0	2,524
Total	\$817,730	\$391,991	\$425,739

Note 5 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	\$527,206

Deposits

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 7 – Risk Management

Risk Pool Membership

The Township obtained coverage with the Ohio Township Association Risk Management Authority (OTARMA) in November 2018.

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool).

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members was 0 percent during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Master Lease-Purchase Agreement	\$13,611	2.25%

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2018

On July 15, 2016, the Township entered into a Master Lease-Purchase Agreement with Wesbanco Bank, Inc., in the amount of \$25,450 to finance half of the purchase of a 2016 Ford F-550 truck to be used for road maintenance. The total cost of the truck was \$50,634.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Master Lease- Purchase Agreement
2019	5,391
2020	5,391
2021	3,145
Total	<u>\$13,927</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Audit Adjustments

Funds	Fund Balances at December 31, 2018	Unposted Proposed Adjustment	Fund Balances at December 31, 2018
General	\$76,659	(\$123,688)	(\$47,029)
Special Revenue	446,732	73,688	520,420
Debt Service	321	0	321
Capital Projects	3,494	0	3,494
Agency	0	50,000	50,000
Total	<u>\$527,206</u>	<u>\$0</u>	<u>\$527,206</u>

At December 31, 2018, the Township has audit adjustments that it chose not to make due to the negative impact posting these adjustments would have on the General Fund balance. These adjustments are discussed in the accompanying Schedule of Findings as Findings 2018-002, 2018-003, and 2018-004. As this time, the Township does not have a formal plan in place to alleviate this situation.

York Township
Belmont County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$39,054	\$143,620	\$0	\$0	\$182,674
Intergovernmental	43,985	107,025	0	0	151,010
Earnings on Investments	76	152	0	0	228
Miscellaneous	5,013	33,846	0	0	38,859
<i>Total Cash Receipts</i>	<u>88,128</u>	<u>284,643</u>	<u>0</u>	<u>0</u>	<u>372,771</u>
Cash Disbursements					
Current:					
General Government	117,244	464	0	0	117,708
Public Safety	0	70,324	0	0	70,324
Public Works	0	72,578	0	0	72,578
Capital Outlay	4,922	119,701	0	0	124,623
<i>Total Cash Disbursements</i>	<u>122,166</u>	<u>263,067</u>	<u>0</u>	<u>0</u>	<u>385,233</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(34,038)</u>	<u>21,576</u>	<u>0</u>	<u>0</u>	<u>(12,462)</u>
<i>Fund Cash Balances, January 1</i>	<u>87,419</u>	<u>298,806</u>	<u>77</u>	<u>2,503</u>	<u>388,805</u>
Fund Cash Balances, December 31					
Restricted	0	151,190	321	3,494	155,005
Committed	0	169,192	0	0	169,192
Assigned	53,381	0	0	0	53,381
Unassigned (Deficit)	0	0	(244)	(991)	(1,235)
<i>Fund Cash Balances, December 31</i>	<u>\$53,381</u>	<u>\$320,382</u>	<u>\$77</u>	<u>\$2,503</u>	<u>\$376,343</u>

The notes to the financial statements are an integral part of this statement.

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York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the York Township, Belmont County (the Township), as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Powhatan Point Volunteer Fire Department to provide fire and EMS services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Special Assessment Fund The special assessment debt service fund is used for debt payments for the Township.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Miscellaneous Capital Projects Fund The miscellaneous capital projects fund is to be used for capital projects for the Township.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds (General Fund, Special Revenue funds, Debt Service fund and Capital Projects fund) for the year ended December 31, 2017.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,110	\$88,128	\$20,018
Special Revenue	228,864	284,643	55,779
Total	\$296,974	\$372,771	\$75,797

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$143,184	(\$143,184)
Special Revenue	0	331,661	(331,661)
Debt Service	0	221	(221)
Capital Projects	0	1,262	(1,262)
Total	\$0	\$476,328	(\$476,328)

Note 5 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2017
Demand deposits	\$376,343

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 7 – Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members was 1.00 percent during calendar year 2017.

Note 10 – Debt

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
Master Lease-Purchase Agreement	\$18,532	2.25%

On July 15, 2016, the Township entered into a Master Lease-Purchase Agreement with Wesbanco Bank, Inc., in the amount of \$25,450 to finance half of the purchase of a 2016 Ford F-550 truck to be used for road maintenance. The total cost of the truck was \$50,634.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Master Lease- Purchase Agreement
2018	\$5,391
2019	5,391
2020	5,391
2021	3,145
Total	\$19,318

York Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Audit Adjustments

Funds	Fund Balances at December 31, 2017	Unposted Proposed Adjustments	Fund Balances at December 31, 2017
General	\$53,381	(\$97,756)	(\$44,375)
Special Revenue	320,382	47,756	368,138
Debt Service	77	0	77
Capital Projects	2,503	0	2,503
Agency	0	50,000	50,000
Total	<u>\$376,343</u>	<u>\$0</u>	<u>\$376,343</u>

At December 31, 2017, the Township has audit adjustments that it chose not to make due to the negative impact posting these adjustments would have on the General Fund balance. These adjustments are discussed in the accompanying Schedule of Findings as Findings 2018-002, 2018-003, and 2018-004. At this time, the Township does not have a formal plan in place to alleviate this situation.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

York Township
Belmont County
53420 York Drive
Powhatan Point, Ohio 43942

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of York Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated January 10, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also issued an adverse opinion due to material adjustments which were not made by the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2018-002 through 2018-005, 2018-008, and 2018-009 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-010 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2018-001 through 2018-007.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 10, 2020

YORK TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2018-001

Finding for Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The law requires that employers withhold taxes from employees’ paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees’ share of FICA taxes and individual income taxes. See 26 U.S.C. 3102(a) and 3402(a). Those withholdings are considered to be held in “a special fund in trust for the United States.” See 26 U.S.C. 7501(a). The employer is liable for the withheld portion of the employee’s wages and must pay over the full amount to the government each quarter. See *United States v. Farr*, 536 F.3d 1174, 1176 (10th Circ. 2008).

Dawn Lee, the Township’s former Fiscal Officer, was the official responsible for withholding and remitting the required income taxes from Township employee earnings. Mrs. Lee withheld, as required, federal income tax and Medicare from the earnings of each Township employee. However, Mrs. Lee failed to transmit all required funds to the appropriate agency. In addition, Mrs. Lee failed to file the required form 941’s for the 4 quarters in 2015 and the first quarter of 2016 and the required form W-2’s for 2015 during her term. This is considered a gross neglect of duty amounting to reckless disregard for the Township.

As a result of the above mentioned instances regarding Mrs. Lee, the Township incurred penalties and interest charges from the federal government. Specifically, the total amount of penalties and interest charges that were paid by the Township to the federal government was \$10,737 of which was attributed to Mrs. Lee’s failures to remit payments and forms as required.

The penalties and interest charges paid by the Township serve no proper public purpose and could have been avoided had the funds been remitted as required by law.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dawn Lee, former Township Fiscal Officer, and her bonding company, the Travelers Casualty and Surety Company of America (Bond No. 105571213-0833), in the amount of \$10,737, and in favor of the Township’s General Fund.

Officials’ Response: We did not receive a response from Officials to this finding.

YORK TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-002

Finding for Adjustment and Material Weakness

Ohio Rev. Code § 505.24(C) states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Per Auditor of State Bulletin 2011-007, each township trustee that is compensated from funds other than the general fund must complete a payroll 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 township trustee spent during that pay period providing services related to each fund to be charged.

We noted the Township Board of Trustees approved to be paid on a salary basis for 2017; however, no formal approval was noted for 2018.

In 2018, a portion of each of the Township Trustees' salaries were paid from the Gasoline Tax and Road and Bridge funds in the amounts of \$17,288 and \$8,644, respectively, and no certification or any other documentation was provided to support these payments from these funds.

In 2017, 100% of a Trustee's salary in the amount of \$8,272 was paid from the Gasoline Tax Fund, but no certification or any other documentation was provided to support the payments from this fund.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the York Township, Belmont County, General Fund in the amount of \$34,204 and in favor of the Gasoline Tax and Road and Bridge Funds in the amounts of \$25,560 and \$8,644, respectively. The Township has not posted this adjustment to the Township records and therefore, this adjustment is not reflected in the accompanying financial statements.

The Board of Trustees should approve being paid on a salary basis in equal monthly installments at the Township's annual re-organizational meetings. In addition, the Township should adopt formal administrative procedures regarding documenting the time spent by board of trustee's on various duties. Once these administrative procedures are established, trustees' salaries should be charged to the applicable funds in accordance with the payroll certification form or similar method of record keeping.

Officials' Response: We will note in our 2020 reorganization meeting minutes, the approval of Trustees salaries. We have started using a certification form for salaries paid out of other accounts and will continue to do so.

YORK TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-003

Finding for Adjustment and Material Weakness

Ohio Rev. Code § 5705.09 states each subdivision should establish a special fund for each class of revenues derived from a source other than the general property tax which the law requires to be used for a particular purpose.

During the prior audit, the Township accepted road bond money from an oil and gas company and posted this revenue in the Road and Bridge Fund. These monies were being held in a custodial capacity until it was determined whether the oil and gas company did any damage to the Township's roads. These funds being held in a custodial capacity should have been posted to an Agency Fund.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the York Township, Belmont County, Road and Bridge Fund, Special Revenue Fund type in the amount of \$50,000 and in favor of the RUMA Bond Fund, Agency Fund type, in the amount of \$50,000. The Township has not posted this adjustment to the Township records and therefore, this adjustment is not reflected in the accompanying financial statements.

The Township should post all funds received in a custodial capacity in an Agency Fund.

Officials' Response: This occurred prior to my election but in the future will seek counsel when unsure of the proper fund needed.

FINDING NUMBER 2018-004

Finding for Adjustment and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

We noted the following in 2018:

- 1st and 2nd half real estate homestead and rollback receipts were improperly posted to the General Fund, rather than being allocated to the Road and Bridge and Special Levy funds in the amounts of \$5,034 and \$2,340, respectively.
- Motor Vehicle License Tax receipts in the amount of \$836 were improperly posted to the General Fund rather than the Motor Vehicle License Tax Fund.

We noted the following in 2017:

- 2nd half real estate homestead and rollback receipts were improperly classified as Taxes revenue in the General Fund, rather than Intergovernmental revenue in the Road and Bridge and Special Levy funds in the amounts of \$2,510 and \$1,364, respectively.
- 1st half real estate homestead and rollback receipts were improperly classified as Miscellaneous in the General Fund, rather than Intergovernmental revenue in the Road and Bridge and Special Levy funds in the amounts of \$2,466 and \$1,340, respectively.
- Two gasoline tax receipts totaling \$7,357 were improperly posted to the General Fund, rather than the Gasoline Tax fund.

These adjustments, to which Township management agrees, have been posted to the Township's accounting records and are reflected in the accompanying financial statements.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2018-004
(Continued)**

Finding for Adjustment and Material Weakness - Ohio Rev. Code § 5705.10(D) (Continued)

The following prior year un-posted audit adjustments have also been presented to Township's management; however, they have not been posted to the Township's accounting records as of the date of the audit report:

- In 2016 and 2015, several receipts were received from oil and gas companies for access points (i.e. road crossings, borings, open cuts) totaling \$4,400 and \$85,084, respectively, totaling \$89,484, which were posted to the General Fund, but should have been posted to the Road and Bridge Fund.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the York Township, Belmont County, General Fund, in the amount of \$89,484 and in favor of the Road and Bridge Fund, Special Revenue Fund type, in the amount of \$89,484.

The Township did not have control procedures in place to ensure receipts are posted to the correct fund. By not having procedures in place to ensure proper posting of receipts could result in material errors to the financial statements and go undetected.

The Township Fiscal Officer should post receipts to the proper fund based upon its source. In addition, the Fiscal Officer should post all receipts and deductions to the proper funds in accordance with the semi-annual tax apportionment sheets as received from the County Auditor.

Officials' Response: The Township will work to improve the posting of amounts to the accounting records.

FINDING NUMBER 2018-005

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used for the purposes for which such fund is established.

During 2018, the following items were noted:

- Cemetery mowing costs of \$2,250 were charged to the Gasoline Tax Fund. These charges should have been paid from the General Fund, as the Township does not maintain a Cemetery fund.
- The Township improperly paid a portion of a federal tax payment in the amount of \$201 from the Special Assessment (Debt Service) fund, rather than the General Fund.
- The Township improperly paid a co-op purchasing program fee in the amount of \$100 and federal tax withholding payment in the amount of \$409 from the Miscellaneous Capital Projects fund, rather than the General Fund.
- An IRS penalty for failure to file W-2s for the tax year ending 2015 in the total amount of \$7,679 was charged to the following funds: Gasoline Tax, Special Assessment - Debt Service, and Miscellaneous Capital Projects funds in the amounts of \$6,906, \$20, and \$753, respectively. These amounts should have been posted to the General Fund.

YORK TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-005
(Continued)

Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10(I)

During 2017, the following items were noted:

- The Township improperly paid for road salt totaling \$2,232 from the Miscellaneous Capital Projects Fund, rather than the Road and Bridge Fund.
- The Township improperly paid a co-op purchasing program fee in the amount of \$100 from the Special Assessment (Debt Service) Fund, rather than the General Fund.

Adjustments, in which management agrees, have been posted to the Township's accounting records and are reflected in the accompanying financial statements.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township should ensure that all expenditures charged to a fund are consistent with the fund's purpose for which is was established.

Officials' Response: The Township will work to improve the posting of amounts to the proper fund.

FINDING NUMBER 2018-006

Noncompliance

Ohio Rev. Code § 5705.38(A) states, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

Ohio Rev. Code § 5705.41(B) requires that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

While the Trustees signed the 2018 annual appropriation resolution, permanent appropriations were not formally approved in the Township's minute record. In addition in 2018, expenditures of \$177,700 exceeded approved appropriations of \$146,733 in the Special Levy fund by \$30,967.

During 2017, no evidence was provided the 2017 annual appropriation resolution was signed by the Trustees and the appropriation resolution was not formally approved in the minute record. In addition, expenditures (plus current year-end encumbrances) exceeded appropriations in all funds as a result of the Township Trustees not approving an annual appropriation measure in 2017.

YORK TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-006
(Continued)

Noncompliance – Ohio Rev. Code §§ 5705.38(A) and 5705.41(B) (Continued)

The Township should ensure that permanent appropriations are passed by the Board no later than April 1st each year and should ensure that such is documented in the minute record. The Township should also regularly monitor appropriations and expenditures and, if necessary, file amendments with the County Auditor to ensure that expenditures from each fund do not exceed the total appropriations. This will help to reduce the risk of disbursements exceeding appropriations and will add a measure of control over the Township's budgetary process.

Officials' Response: While the Township does approve temporary appropriations and permanent appropriations and file them with the County, we will be more diligent in noting this in the minutes.

FINDING NUMBER 2018-007

Noncompliance

Ohio Rev. Code § 5705.39 states, in part, that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure.

At December 31, 2018, total appropriations exceeded total estimated resources available for expenditure in the following funds:

<u>Fund</u>	<u>Approved Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
General	\$200,724	\$131,595	(\$69,129)
Gasoline Tax	248,577	161,756	(86,821)

The Township should regularly monitor appropriations and estimated resources to ensure that appropriations do not exceed the total estimated resources available for expenditure in each fund. This will help to reduce the risk of overspending within the Township and will add a measure of control over the Township's budgetary process.

Officials' Response: The Township will work to improve the monitoring of our appropriations and estimated resources.

FINDING NUMBER 2018-008

Material Weakness

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Trustees to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Trustees are precisely stated and accurately posted to the appropriation ledger.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2018-008
(Continued)**

Material Weakness (Continued)

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and unspent appropriations.

The Fiscal Officer did not properly post budgeted receipts or appropriations, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and appropriation resolutions to the amounts posted to the accounting system.

The following variances occurred in 2018:

Fund	Estimated Receipts per Amended Certificates	Estimated Receipts Posted to the Accounting System	Variance
General	\$63,077	\$102,996	\$39,919
Motor Vehicle License Tax	11,008	20,869	9,861
Gasoline Tax	86,000	210,080	124,080
Road and Bridge	65,000	100,283	35,283
Special Levy	115,000	215,637	100,637
Special Assessment	0	221	221
Misc. Capital Projects	0	1,262	1,262

Fund	Approved Appropriations	Appropriation Amount Posted to the Accounting System	Variance
Special Levy	\$144,544	\$214,884	\$70,340

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2018-008
(Continued)**

Material Weakness (Continued)

The following variances occurred in 2017:

Fund	Estimated Receipts per Amended Certificates	Receipts Posted to the Accounting System	Variance
General	\$68,110	\$63,077	(\$5,033)
Road and Bridge	59,111	66,011	6,900
Special Levy	72,745	69,545	(3,200)

Fund	Approved Appropriations	Appropriation Amount Posted to the Accounting System	Variance
General	\$0	\$200,109	\$200,109
Motor Vehicle License Tax	0	28,000	28,000
Gasoline Tax	0	215,376	215,376
Road and Bridge	0	64,511	64,511
Special Levy	0	99,088	99,088
Misc. Special Revenue	0	464	464
Special Assessment	0	321	321
Misc. Capital Projects	0	3,494	3,494

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system.

Because the information entered into the accounting system was inaccurate, the Township management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in the notes to the financial statements in order to accurately present budgeted receipts as certified by the County Auditor and appropriations as approved by the Township Trustees.

The Fiscal Officer should record estimated receipts per the Amended Certificate of Estimated Resources and appropriations per the Appropriation Resolution, as well as all approved amendments. In addition, the Fiscal Officer should periodically present budget versus actual results to the Board of Trustees. As part of their monitoring responsibilities, the Board of Trustees should review this information and should inquire to the Fiscal Officer if they note apparent errors in the budget or actual data and should also use this information to determine if they should amend estimated revenues or appropriations.

Officials' Response: The Fiscal Officer will work to improve the accuracy of budgetary receipts and unspent appropriations.

YORK TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-009

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township should maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example); classify disbursements by fund, program (general government, for example) or object (personal services, for example); and provides suggested fund balance classifications and clarifies the existing governmental fund type definitions. Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not always record receipts and disbursements into accurate classifications on the financial statements.

Also, the Township did not properly classify its December 31, 2018 and 2017 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions, effective for fiscal years beginning after June 15, 2010.

The UAN Accounting and General Manual provides five suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

We noted the following in 2018:

- A large portion (\$28,260) of the Township employee's payroll wages were improperly posted as General Government expenditures, rather than as Public Works expenditures in the Gasoline Tax Fund.
- The Township improperly classified the purchase of a ditching attachment for the Township's mower which totaled \$8,260 as Public Works, rather than Capital Outlay in the Gasoline Tax fund.
- The ending fund balance in the Road and Bridge Fund in the amount of \$297,772 was improperly classified as Restricted, rather than Committed.

We noted the following in 2017:

- Road crossing permits totaling \$12,600 were improperly posted as Taxes, rather than Miscellaneous in the Road and Bridge fund.
- The Township improperly classified the purchases of a tractor, mower and cinder shed roof totaling \$113,917 as Public Works, rather than Capital Outlay in the Gasoline Tax fund.

YORK TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-009
(Continued)

Material Weakness (Continued)

- The ending fund balance in the Road and Bridge Fund in the amount of \$169,192 was improperly classified as restricted, rather than committed.
- The ending fund balance in the General Fund in the amount of \$53,381 was improperly classified as Unassigned, rather than Assigned due to subsequent year appropriations exceeding estimated receipts.
- First and second half real estate homestead and rollback receipts in the amounts of \$2,182 and \$2,214 were improperly posted as Miscellaneous and Taxes, respectively instead of Intergovernmental in the General Fund.

The adjustments noted above, with which management agrees, have been made and are reflected in the accompanying financial statements.

In addition, we also identified additional misstatements ranging from \$2,037 to \$2,599 in 2018 and from \$407 to \$3,621 in 2017, which we have brought to the Township's attention and are not reflected in the accompanying financial statements due to their insignificance.

By not properly reporting financial activity could result in material misstatements occurring and remaining undetected and the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township should take the necessary steps to ensure that all receipts, disbursements and fund balances are properly presented and disclosed in the Township's financial statements. When classifying fund balance in accordance with GASB 54 the Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for guidance.

Officials' Response: The Fiscal Officer will work on familiarizing herself with the proper classifications on expenditures.

FINDING NUMBER 2018-010

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The small size of the Township's staff did not allow for an adequate segregation of duties, and therefore, the Fiscal Officer performed all accounting functions. It is important that the Board of Trustees functions as a finance committee to monitor financial activity closely. There was no documentation in the minutes of the Board's approval of bank reconciliations, monthly activity of revenues and expenditures, or budget versus actual reports received at monthly meetings. This resulted in errors and omissions occurring in the Township's accounting system. With no control procedures in place, this was unnoticed by management.

Financial information should be presented to the Board of Trustees on a regular basis. This information should include monthly bank reconciliations, as well as monthly revenue and expenditure activity by fund, and budget versus actual reports. The presentation and approval of these reports should be documented in the minutes of the Township's meetings.

YORK TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2018-010
(Continued)

Significant Deficiency (Continued)

Officials' Response: The bank reconciliation is presented for approval and is signed off on. This will be noted in the minutes from now on. The Board is presented with a Fund Status report which is not noted in the minutes. They will receive from here on out the reports noted in the schedule of findings and will be documented in the minutes.

YORK TOWNSHIP BOARD OF TRUSTEES
53420 YORK DRIVE
POWHATAN POINT, OH 43942
740-359-8734

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code § 5705.09 for not properly posting road bond receipts.	Not Corrected	The Township repaid the bond to the company providing bond in 2019.
2016-002	Ohio Rev. Code §§ 5705.10(C) and 5705.10(D) for posting of receipts and disbursements to improper funds.	Not Corrected	The Township will work to improve the posting of amounts to the accounting records.
2016-003	Ohio Rev. Code §§ 5705.38(A) and 5705.41(B) for not properly approving appropriations and expenditures exceeding appropriations.	Not Corrected	The Township will document the approval of appropriations in the minutes.
2016-004	Ohio Rev. Code § 505.24 (C) for paying Trustees out of funds other than the General Fund without proper certifications.	Not Corrected	The Township will have the Trustees complete certifications.
2016-005	Ohio Rev. Code § 507.09 (E) for paying the Fiscal Officer out of funds other than the General Fund without proper certifications.	Fully Corrected	Not Applicable
2016-006	Material Weakness for not including budgetary amounts in the accounting system.	Partially Corrected	The Township will work to improve the posting of amounts to the accounting records.
2016-007	Material Weakness for not maintaining proper supporting documentation.	Partially Corrected	The Township will ensure proper supporting documentation is maintained.
2016-008	Material Weakness for posting receipts and disbursements to improper line items.	Not Corrected	The Township will work to improve the posting of amounts to the accounting records.
2016-009	Material Weakness for not posting on-behalf-of grant transactions.	Finding No Longer Valid	No on-behalf-of transactions for the Township in 2018 and 2017.
2016-010	Significant Deficiency for inadequate segregation of duties.	Not Corrected	The Township will document the review and approval of accounting reports in the minutes.
2016-011	Ohio Rev. Code § 5705.10(I) for negative fund balances.	Fully Corrected	Not Applicable
2016-012	Ohio Rev. Code § 5705.41(D) for not properly encumbering.	Partially Corrected	The Township will establish a maximum amount for blanket purchase orders.

OHIO AUDITOR OF STATE KEITH FABER



YORK TOWNSHIP

BELMONT 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 23, 2020**