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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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YORK TOWNSHIP

UNION COUNTY, OHIO

**REGULAR AUDIT**

*A&A*

FOR THE PERIOD

December 31, 2015 AND 2014

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# Dave Yost • Auditor of State

Board of Trustees  
York Township  
29000 Hoover Moffitt Road  
West Mansfield, Ohio 43358

We have reviewed the *Independent Auditor's Report* of York Township, Union County, prepared by Alger & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. York Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 14, 2016

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YORK TOWNSHIP  
UNION COUNTY

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# ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

York Township, Union County  
29000 Hoover Moffitt Road  
West Mansfield OH 43358

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, Union County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014.

### *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 Section 117.38 and Ohio Administrative Code Section 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 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 audit opinions.

6927 Burgundy Ave. N.W  
North Canton, OH 44720  
Phone (330) 353-5851 – Fax (330) 768-7578

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using 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), 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 Section 117.38 and Ohio Administrative Code Section 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 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, 2015 and 2014, thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of York Township, Union County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2016, 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.

Alger &  
Associates, Inc.

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Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio  
May 23, 2016



**YORK TOWNSHIP  
UNION COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 82,884	\$ 151,246	\$ -	\$ 234,130
Licenses, Permits and Fees	884	2,700	-	3,584
Intergovernmental	21,027	94,156	-	115,183
Earnings on Investments	926	121	-	1,047
Miscellaneous	2,790	350	-	3,140
<i>Total Cash Receipts</i>	<u>108,511</u>	<u>248,573</u>	<u>-</u>	<u>357,084</u>
<b>Cash Disbursements</b>				
Current:				
General Government	65,785	-	-	65,785
Public Safety	600	107,455	-	108,055
Public Works	94,125	118,084	-	212,209
Health	18,347	16,949	-	35,296
Other	6,226	1,932	-	8,158
<i>Total Cash Disbursements</i>	<u>185,083</u>	<u>244,420</u>	<u>-</u>	<u>429,503</u>
<i>Net Change in Fund Cash Balances</i>	<u>(76,572)</u>	<u>4,153</u>	<u>-</u>	<u>(72,419)</u>
<i>Fund Cash Balances, January 1</i>	<u>369,159</u>	<u>250,469</u>	<u>140,541</u>	<u>760,169</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	254,622	-	254,622
Committed	-	-	140,541	140,541
Assigned	292,587	-	-	292,587
<i>Fund Cash Balances, December 31</i>	<u>\$ 292,587</u>	<u>\$ 254,622</u>	<u>\$ 140,541</u>	<u>\$ 687,750</u>

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

**YORK TOWNSHIP  
UNION COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 90,462	\$ 145,607	\$ -	\$ 236,069
Licenses, Permits and Fees	3,176	8,225	-	11,401
Intergovernmental	11,653	95,505	-	107,158
Earnings on Investments	1,535	125	-	1,660
Miscellaneous	7,372	3,920	-	11,292
<i>Total Cash Receipts</i>	<u>114,198</u>	<u>253,382</u>	<u>-</u>	<u>367,580</u>
<b>Cash Disbursements</b>				
Current:				
General Government	85,924	-	-	85,924
Public Safety	1,030	107,490	-	108,520
Public Works	14,829	72,676	-	87,505
Health	15,443	15,676	-	31,119
Capital Outlay	-	2,158	318	2,476
<i>Total Cash Disbursements</i>	<u>117,226</u>	<u>198,000</u>	<u>318</u>	<u>315,544</u>
<i>Net Change in Fund Cash Balances</i>	<u>(3,028)</u>	<u>55,382</u>	<u>(318)</u>	<u>52,036</u>
<i>Fund Cash Balances, January 1</i>	<u>372,187</u>	<u>195,087</u>	<u>140,859</u>	<u>708,133</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	250,469	-	250,469
Committed	-	-	140,541	140,541
Assigned	369,159	-	-	369,159
<i>Fund Cash Balances, December 31</i>	<u>\$ 369,159</u>	<u>\$ 250,469</u>	<u>\$ 140,541</u>	<u>\$ 760,169</u>

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

**YORK TOWNSHIP  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the York Township, Union 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 and cemetery maintenance. The Township contracts with the Liberty Township and Bokescreek Township for fire services/EMS protection services.

The Township participates in a public entity risk pool. Notes 6 to the financial statements provides additional information for these entities. This organization is: Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all Townships for property and casualty insurance coverage.

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

**B. Accounting Basis**

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.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types.

YORK TOWNSHIP  
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)

1. **Summary of Significant Accounting Policies (Continued)**

D. **Fund Accounting (Continued)**

1. **General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. **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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

3. **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 funds:

Miscellaneous Capital Projects – This fund is used to track miscellaneous capital projects taken on by the Township.

E. **Budgetary Process**

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

1. **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.

2. **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.

YORK TOWNSHIP  
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. 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 re-appropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

YORK TOWNSHIP  
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

5. 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.

G. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits and Investments

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

	2015	2014
Demand deposits	\$268,750	\$341,169
Certificates of deposit	419,000	419,000
Total deposits	<u>\$687,750</u>	<u>\$760,169</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**YORK TOWNSHIP  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,704	\$108,511	\$29,807
Special Revenue	206,558	248,573	42,015
Capital Projects	1	0	(1)
Total	\$285,263	\$357,084	\$71,821

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$437,703	\$185,083	\$252,620
Special Revenue	284,380	244,420	39,960
Capital Projects	140,541	0	140,541
Total	\$862,624	\$429,503	\$433,121

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,704	\$114,198	\$35,494
Special Revenue	206,558	253,382	46,824
Capital Projects	1	0	(1)
Total	\$285,263	\$367,580	\$82,317

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$437,703	\$117,226	\$320,477
Special Revenue	272,380	198,000	74,380
Capital Projects	140,859	318	140,541
Total	\$850,942	\$315,544	\$535,398

**YORK TOWNSHIP  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)**

**4. Property Tax**

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

**5. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries, with the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**6. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.



**YORK TOWNSHIP  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(continued)**

**6. Risk Management (continued)**

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available):

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township’s share of these unpaid claims collectible in future years is approximately \$4,600.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA	
2015	2014
\$9,126	\$8,895

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**7. Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

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# ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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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, Union County  
29000 Hoover Moffitt Road  
West Mansfield OH 43358

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, Union County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### *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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

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### *Compliance and Other Matters*

As part of reasonably assuring whether the Entity'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

### *Township's Response to Findings*

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

### *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 communication is not suitable for any other purpose.

**Alger &  
Associates, Inc.**

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Associates, Inc.  
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o=Alger & Associates, Inc., ou,  
email=galger53@att.net, c=US  
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Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

May 23, 2016

YORK TOWNSHIP  
UNION COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001

**Material Weakness - Cash Reconciliation**

In order to ensure the completeness and accuracy of the Township's accounting records, an adequate system of internal controls requires that monthly reconciliations be performed between the fund ledgers and bank depository. To be effective, these reconciliations should include a thorough investigation and follow-up of all significant reconciling items.

The process allows you to determine if all items have been recorded and match the postings by the bank at the same amounts. If there is a discrepancy, this can be corrected fairly quickly. The accuracy of the transactions within the system allows the Trustees to have an accurate and up to date information to make the best decisions for the government.

If information being recorded is incorrect, then Trustees cannot make good financial decisions in order to run their Township appropriately. If sound decisions cannot be made, then public dollars could be misspent. Misspending funds, even unintentionally, could result in deficit fund balances or audit adjustments, both of which could lead the entity being declared in fiscal caution and possibly fiscal watch or fiscal emergency.

The following deficiencies and reconciling items were noted in the Township's monthly cash reconciliations:

- During the period tested, we noted the Township did not perform monthly (regular) reconciliations on a monthly basis. We noted during our review that all of the 2014 reconciliations were not completed until February, 2015. We also noted the 2015 reconciliations were not completed until February, 2016.
- The Township utilizes the Uniform Accounting System (UAN) for processing their transactions. The UAN system has built in controls which prevent the Township from entering transactions for the succeeding month if the Township does not reconcile the preceding month. The Fiscal Officer had adjustments included on the reconciliations for 'other adjusting factors' beginning February 2015 in order to override the system and allow the succeeding months transactions to be entered. The amount unreconciled is the difference in State and School taxes that were booked into the UAN system and what was actually auto-withdrawn by the two agencies; \$8.67. This remained as a 'reconciling item' at December 31, 2015.
- The reconciliation had outstanding checks as far back as 2006 in the amount of \$2,944.

As a result of these conditions, errors, irregularities, or misappropriation of assets may occur and not be detected within a timely period.

**YORK TOWNSHIP  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(continued)**

**FINDING NUMBER 2015-001 – (continued)**

We recommend the Fiscal Officer perform timely reconciliations on a monthly basis. Any deficiencies or reconciling items should immediately be investigated and rectified. Any outstanding checks over a year old should be moved to unclaimed funds in the Agency Fund for a period of five years. After 5 years the money is placed in the general fund and can be spent by the Township. We also recommend the Fiscal Officer post the Township transactions in a timely manner.

The Trustees should insure bank reconciliations are reconciled to the UAN system on a monthly basis. The Township Trustees should closely monitor the reconciliation process by reviewing and follow-up on any deficiencies or reconciling items.

Officials' Response: We will attempt to take the necessary steps to correct these findings.

**YORK TOWNSHIP  
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	<b>Ohio Revised Code §5705.38</b> passing of Appropriations through County Budget Commission	Yes	Finding No Longer Valid
2013-002	<b>Ohio Revised Code §149.43</b> public records policy, training, and posting	Yes	Finding No Longer Valid
2013-003	<b>Material Weakness – Budgetary Information - UAN</b> Appropriations approved by Budget Commission doesn't match what was in the UAN system	Yes	Finding No Longer Valid
2013-004	<b>Material Weakness - Cash Reconciliation</b> the Township's bank statements were not reconciled to the UAN system until the following year for each year under audit.	No	Finding was repeated see finding 2015-001

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# Dave Yost • Auditor of State

**YORK TOWNSHIP**

**UNION 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  
JULY 28, 2016**