



Dave Yost • Auditor of State



**NORTH TOWNSHIP  
HARRISON COUNTY**

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

North Township  
Harrison County  
P.O. Box 511  
Scio, Ohio 43988

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of North Township, Harrison County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Status Report to the December 31, 2015 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Status Report to the December 31, 2016 balances in the Fund Status Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

**Property Taxes and Intergovernmental Cash Receipts**

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2017 and one from 2016:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Audit Workbench (AWB) Payments and Receipts Report. The amounts agreed.
  - b. We inspected the AWB Payments and Receipts Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the AWB Payments and Receipts Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the AWB Payments and Receipts Report to determine whether it included two real estate tax receipts for 2017 and 2016. The AWB Payments and Receipts Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2017 and all from 2016. We also haphazardly selected five receipts from the Harrison County Auditor Cross Reference Report from 2017 and five from 2016.
  - a. We compared the amount from the above reports to the amount recorded in the AWB Payments and Receipts Report. The amounts agreed.
  - b. We inspected the AWB Payments and Receipts Report to determine that these receipts were allocated to the proper funds. We found no exceptions, except for the posting of the State Fire Marshall Grant in the amount of \$5,040 in 2017 and \$47,982 in 2016. Instead of being posted to the General Fund, these receipts should have been posted to a separate fund.
  - c. We inspected the AWB Payments and Receipts Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following lease outstanding as of December 31, 2015.

Issue	Principal outstanding as of December 31, 2015:
Lease Purchase Agreement	\$23,821

2. We inquired of management, and inspected the AWB Payments and Receipts Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of lease debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedule to Road and Bridge Fund payments reported in the AWB Payments and Receipts Report for 2016. For 2017, we agreed the principal and interest payment from the Road and Bridge Fund, reported on the AWB Payments and Receipts Report, to the payoff letter provided by PNC Equipment Finance. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions, except the summary of lease activity did not agree to the prior year balance or amortization schedule.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the AWB Payments and Receipts Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' timesheet. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2017. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	1/31/2018	1/9/2018	\$1,103	\$1,103
State income taxes	1/15/2018	1/10/2018	\$275	\$275
OPERS retirement	1/30/2018	1/10/2018	\$1,878	\$1,878

3. For the pay periods ended March 31, 2017 and June 30, 2016, we recomputed the allocation of the Boards' salaries to the General and Road and Bridge Funds per the Wage Detail Report. We found no exceptions, except the Township Trustees did not unanimously pass a resolution to allow being paid on a salary basis or pass a resolution to specify the proportions of the salary that are to be paid from funds other than the General Fund, which is required by Ohio Rev. Code § 505.24(D).
4. For the pay periods described in the preceding procedure, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions in 2017. In 2016, we found Trustees were compensated from funds other than the General Fund and did not complete the certification prior to receiving pay for that pay period. Instead, the Trustees maintained time and effort documentation.
5. We inquired of management and inspected the AWB Payments and Receipts Report for the years ended December 31, 2017 and 2016 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were not always in compliance with Ohio Rev. Code § 505.60 and federal regulations. We noted the Township paid Medicare supplement premiums on behalf of a Trustee, whose term began January 1, 2016 and reimbursed the Fiscal Officer whose term began April 1, 2016 for medical and other insurance benefits; however, these officials were not allowed to be reimbursed based on their terms beginning after a federal ban on health insurance reimbursements went into effect. The Township should cease making payments on behalf of the Trustee and cease issuing reimbursements to the Fiscal Officer. The Township should consult the County Prosecutor for guidance in regards to health care reimbursements to help ensure the Township is in compliance with the Ohio Rev. Code and federal regulations.

### Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the AWB Payments and Receipts Report for the year ended December 31, 2017 and ten from the year ended 2016 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions, except in 2016 we found three instances where the Township improperly paid sales tax totaling \$45. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the AWB Payments and Receipts Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found two instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code § 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code § 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Road and Bridge Funds for the years ended December 31, 2017 and 2016. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$113,750 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$65,768. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Gasoline Tax and Road and Bridge Funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code § 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2017 and 2016 for the following funds: General, Road and Bridge, and Cemetery Levy Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the General Fund in 2016. The Appropriation Status Report recorded appropriations for the General Fund of \$234,357. However, the approved appropriation amount was \$186,375.
4. Ohio Rev. Code §§ 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Road and Bridge Funds for the years ended December 31, 2017 and 2016. There were no funds for which appropriations exceeded certified resources.



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

5. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2017 and 2016 for the General, Road and Bridge and Cemetery Levy Funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the AWB Payments and Receipts Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the Township received new restricted receipts. We noted the Township received a restricted State Fire Marshall Grant in 2017 and 2016, but did not establish a separate fund.
7. For funds existing in prior years, inspect the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established, except as noted in step 6, and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the Fund Activity Report for the Lewis Trust Cemetery, Duswalt Trust Cemetery, and Nance Trust Cemetery Funds. No money was released, spent or otherwise modified during the engagement period.
9. We inspected the 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code §§ 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which § 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
10. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13. The Township did not establish these reserves.
11. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 for negative cash fund balances. Ohio Rev. Code § 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balance.

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

We inquired of management and inspected the AWB Payments and Receipts Report for the years ended December 31, 2017 and 2016 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code § 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

### Other Compliance

Ohio Rev. Code § 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed-upon procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



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

June 22, 2018



# Dave Yost • Auditor of State

**NORTH TOWNSHIP**

**HARRISON 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 5, 2018**