



Dave Yost • Auditor of State



**YORK TOWNSHIP  
BELMONT COUNTY  
DECEMBER 31, 2016 AND 2015**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Funds For the Year Ended December 31, 2016 .....	5
Notes to the Financial Statements – December 31, 2016 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Funds For the Year Ended December 31, 2015 .....	13
Notes to the Financial Statements – December 31, 2015 .....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21
Schedule of Findings.....	23
Schedule of Prior Audit Findings (Prepared by Management) .....	33

**This page intentionally left blank.**



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## 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, 2016 and 2015.

### ***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 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, 2016 and 2015, 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 11 of the 2016 and the 2015 financial statements, the Township has not recorded an adjustment of \$50,000 in 2016 or 2015 from the Special Revenue Fund to an Agency Fund for a road bond received in 2015. The Township failed to establish an Agency Fund in 2016 and 2015. In addition, the Township received fees, from oil and gas companies, for road repairs that were posted to the General Fund instead of a Special Revenue Fund, in the amounts of \$4,400 and \$85,084 in 2016 and 2015, respectively.

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

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion on the Regulatory Basis of Accounting*, 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 the York Township, Belmont County as of December 31, 2016 and 2015, 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 11 of the 2016 and Note 9 of the 2015 financial statements, the Auditor of State is conducting a special investigation. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019 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 style with a large, prominent "K" and "F".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 30, 2019

**This page intentionally left blank.**



**YORK TOWNSHIP  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$26,647	\$60,301	\$0	\$0	\$86,948
Intergovernmental	51,957	113,537	0	0	165,494
Earnings on Investments	178	22	0	0	200
Miscellaneous	2,515	52,435	0	0	54,950
<i>Total Cash Receipts</i>	<u>81,297</u>	<u>226,295</u>	<u>0</u>	<u>0</u>	<u>307,592</u>
<b>Cash Disbursements</b>					
Current:					
General Government	100,764	394	0	0	101,158
Public Safety	0	24,960	0	0	24,960
Public Works	0	105,356	0	0	105,356
Capital Outlay	171	25,456	0	0	25,627
Debt Service:					
Principal Retirement	0	2,011	0	0	2,011
Interest and Fiscal Charges	0	236	0	0	236
<i>Total Cash Disbursements</i>	<u>100,935</u>	<u>158,413</u>	<u>0</u>	<u>0</u>	<u>259,348</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(19,638)</u>	<u>67,882</u>	<u>0</u>	<u>0</u>	<u>48,244</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Sources	0	305	0	0	305
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>305</u>	<u>0</u>	<u>0</u>	<u>305</u>
<i>Net Change in Fund Cash Balances</i>	<u>(19,638)</u>	<u>68,187</u>	<u>0</u>	<u>0</u>	<u>48,549</u>
<i>Fund Cash Balances, January 1</i>	<u>107,057</u>	<u>230,619</u>	<u>77</u>	<u>2,504</u>	<u>340,257</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	298,806	321	3,494	302,621
Assigned	87,419	0	0	0	87,419
Unassigned (Deficit)	0	0	(244)	(990)	(1,234)
<i>Fund Cash Balances, December 31</i>	<u>\$87,419</u>	<u>\$298,806</u>	<u>\$77</u>	<u>\$2,504</u>	<u>\$388,806</u>

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

**This page intentionally left blank.**

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**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 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***

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***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.

***Road and Bridge Fund*** This fund receives property tax money for the constructing, maintaining and repair of township roads.

***Debt Service Fund*** This fund accounts 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 Fund:

***Miscellaneous Debt Service Fund*** This fund formerly received property tax to service debt for the previous purchase of a truck and grader.

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Capital Project Fund*** This fund accounts 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:

***Federal Emergency Management Agency (FEMA) Fund*** This fund was used to account for a grant from the State of Ohio through the Emergency Management Agency received in previous years to provide for road repairs.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2016 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.

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

Fund balance is divided into three 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:

***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.

***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 Rev. Code § 5705.10(C)(D), numerous receipts were incorrectly recorded in the wrong account code or fund.

Contrary to Ohio Rev. Code § 5705.10(I), the Debt Service Fund incurred a negative cash balance.

Contrary to Ohio Rev. Code §§ 5705.38(A) and 5705.41(B), budgetary expenditures exceeded appropriation authority in the Road and Bridge fund by \$25,598 for the year ended December 31, 2016 due to an audit adjustment.

Contrary to Ohio Rev. Code § 5705.41(D), the Township did not use the encumbrance method of accounting.

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,159	\$81,297	\$13,138
Special Revenue	194,108	226,600	32,492
Total	\$262,267	\$307,897	\$45,630

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,603	\$100,935	\$39,668
Special Revenue	190,214	158,413	31,801
Debt Service	321	0	321
Capital Projects	3,494	0	3,494
Total	\$334,632	\$259,348	\$75,284

**Note 5 – 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:

	2016
Demand deposits	\$388,806

***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 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.

Public utilities are also taxed on personal and real property located within the Township.

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

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**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.

**Note 8 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

The Township’s employees and elected officials 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, 2016.

**Note 9 – Debt**

Debt outstanding at December 31, 2016, was as follows:

	Principal	Interest Rate
Master Lease-Purchase Agreement	\$23,440	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
2017	\$5,391
2018	5,391
2019	5,391
2020	5,391
2021	3,145
Total	\$24,709

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 10 – Audit Adjustments**

Funds	Fund Balances at December 31, 2016	Proposed Adjustment	Fund Balances at December 31, 2016
General	\$87,419	(\$89,484)	(\$2,065)
Special Revenue	298,806	39,484	338,290
Debt Service	77	0	77
Capital Projects	2,504	0	2,504
Agency	0	50,000	50,000
Total	<u>\$388,806</u>	<u>\$0</u>	<u>\$388,806</u>

At December 31, 2016 and September 30, 2019 the Township has audit adjustments that it cannot afford to make due to the negative fund balance impact posting these adjustments would have on the General Fund. These adjustments are discussed in the accompanying Schedule of Findings as Finding 2016-002. At this time the Township does not have a formal plan in place to alleviate this situation.

**Note 11 – Subsequent Events**

The Auditor of State conducted an investigation into certain matters that included a portion of the audit period covered by this report. While the investigation has concluded, the results will be released in a separate report at a later date.



**YORK TOWNSHIP  
BELMONT COUNTY**

**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	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$26,081	\$51,951	\$0	\$0	\$78,032
Intergovernmental	43,115	301,691	0	0	344,806
Earnings on Investments	161	0	0	0	161
Miscellaneous	112,831	100,750	0	0	213,581
<i>Total Cash Receipts</i>	<u>182,188</u>	<u>454,392</u>	<u>0</u>	<u>0</u>	<u>636,580</u>
<b>Cash Disbursements</b>					
Current:					
General Government	117,044	0	0	0	117,044
Public Safety	0	22,212	0	0	22,212
Public Works	0	340,580	0	0	340,580
Capital Outlay	0	212,699	0	0	212,699
Debt Service:					
Principal Retirement	0	5,908	0	0	5,908
Interest and Fiscal Charges	0	273	0	0	273
<i>Total Cash Disbursements</i>	<u>117,044</u>	<u>581,672</u>	<u>0</u>	<u>0</u>	<u>698,716</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>65,144</u>	<u>(127,280)</u>	<u>0</u>	<u>0</u>	<u>(62,136)</u>
<b>Other Financing Receipts</b>					
Sale of Capital Assets	0	3,500	0	0	3,500
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>3,500</u>	<u>0</u>	<u>0</u>	<u>3,500</u>
<i>Net Change in Fund Cash Balances</i>	65,144	(123,780)	0	0	(58,636)
<i>Fund Cash Balances, January 1</i>	<u>41,913</u>	<u>354,399</u>	<u>77</u>	<u>2,504</u>	<u>398,893</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	230,619	321	3,494	234,434
Assigned	82,539	0	0	0	82,539
Unassigned	24,518	0	(244)	(990)	23,284
<i>Fund Cash Balances, December 31</i>	<u>\$107,057</u>	<u>\$230,619</u>	<u>\$77</u>	<u>\$2,504</u>	<u>\$340,257</u>

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

**This page intentionally left blank.**

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

**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 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***

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***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.

***Road and Bridge Fund*** This fund receives property tax money for the constructing, maintaining and repair of township roads.

***Debt Service Fund*** This fund accounts 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 Fund:

***Miscellaneous Debt Service Fund*** This fund formerly received property tax to service debt for the previous purchase of a truck and grader.

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Capital Project Fund*** This fund accounts 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:

***Federal Emergency Management Agency (FEMA) Fund*** This fund was used to account for a grant from the State of Ohio through the Emergency Management Agency received in previous years to provide for road repairs.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2015 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.

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

Fund balance is divided into three 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:

***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.

***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 Rev. Code § 5705.09, road bond money was incorrectly recorded in the Road and Bridge Fund rather than in an Agency Fund.

Contrary to Ohio Rev. Code § 5705.10(C)(D), numerous receipts were incorrectly recorded in the wrong account code or fund.

Contrary to Ohio Rev. Code § 5705.10(I), the Debt Service Fund incurred a negative cash balance.

Contrary to Ohio Rev. Code §§ 5705.38(A) and 5705.41(B), budgetary expenditures exceeded appropriation authority in the Road and Bridge fund by \$25,598 for the year ended December 31, 2016 due to an audit adjustment.

Contrary to Ohio Rev. Code § 5705.41(D), the Township did not use the encumbrance method of accounting.

Contrary to Ohio law, the Township did not pass an annual appropriations measure for 2015 which resulted in all Township fund expenditures exceeding appropriations in 2015, contrary to Ohio Rev. Code § 5705.41(B).

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,440	\$182,188	\$134,748
Special Revenue	143,258	457,892	314,634
Total	\$190,698	\$640,080	\$449,382

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$117,044	(\$117,044)
Special Revenue	0	581,672	(581,672)
Total	\$0	\$698,716	(\$698,716)

**Note 5 – 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
Demand deposits	\$340,257

***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 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.

Public utilities are also taxed on personal and real property located within the Township.

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

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

**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.

**Note 8 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

The Township’s employees and elected officials 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, 2015.

**Note 9 – Subsequent Events**

The Auditor of State conducted an investigation into certain matters that included a portion of the audit period covered by this report. While the investigation has concluded, the results will be released in a separate report at a later date.

**Note 10 – Audit Adjustments**

<u>Funds</u>	<u>Fund Balances at December 31, 2015</u>	<u>Proposed Adjustment</u>	<u>Fund Balances at December 31, 2015</u>
General	\$107,057	(\$85,084)	\$21,973
Special Revenue	230,619	35,084	265,703
Debt Service	77	0	77
Capital Projects	2,504	0	2,504
Agency	0	50,000	50,000
Total	<u>\$340,257</u>	<u>\$0</u>	<u>\$340,257</u>

At December 31, 2015 and September 30, 2019 the Township has audit adjustments that it cannot afford to make due to the negative fund balance impact posting these adjustments would have on the General Fund. These adjustments are discussed in the accompanying Schedule of Findings as Finding 2016-002. At this time the Township does not have a formal plan in place to alleviate this situation.

**York Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

---

**Note 11 – Audit Adjustments (Continued)**

At December 31, 2015 the Township has audit adjustments that it cannot afford to make due to the negative fund balance impact posting these adjustments would have on the General Fund. These adjustments are discussed in the accompanying Schedule of Findings as Finding 2016-002. At this time the Township does not have a formal plan in place to alleviate this situation.



# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## 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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 30, 2019, 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 opinion 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 2016-001 through 2016-009 and Finding 2016-012 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 2016-010 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 2016-001 through 2016-005 and 2016-011 through 2016-012.

***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 audit the Township's responses 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 communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 30, 2019

**YORK TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-001**

**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 2015, the Township accepted road bond money from an oil and gas company and posted this revenue in the Road and Bridge Fund. These monies are being held in a custodial capacity until it is determined whether the oil and gas company did any damage to the Township's roads. These funds being held in a custodial capacity should be 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.

**FINDING NUMBER 2016-002**

**Finding for Adjustment and Material Weakness**

Ohio Rev. Code § 5705.10(C) states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. Further, Ohio Rev. Code § 5705.10(D) states 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.

The following adjustments have been agreed to by Township's management and have been posted to the Township's accounting records and are reflected in the accompanying financial statements in 2016:

- Homestead & rollback receipts received were posted in the total net amount of \$23,777 in the General Fund either as Intergovernmental Revenue or Miscellaneous Revenue. However, they should have been posted at the gross amounts of \$8,733, \$9,808, and \$5,606, in the General, Road and Bridge, and Fire and Ambulance Funds, respectively, as Intergovernmental Revenue. In addition, deductions of \$370 made by the State from the receipts should have been posted to the Township's accounting records.
- Second Half Real Estate Settlement was posted at the net amount of \$27,897 as follows: General Fund - Intergovernmental Revenue in the amount of \$6,111; Road and Bridge Fund - Property Taxes in the amount of \$12,574; and Fire and Ambulance Fund - Property Taxes in the amount of \$9,212. However, the tax settlement should have been posted at the gross amounts of \$10,008, \$12,857, and \$9,411, in the General, Road and Bridge, and Fire and Ambulance Funds, respectively, as Property Taxes. In addition, deductions of \$4,379 made by the County Auditor from the receipts should have been posted to the Township's accounting records.
- A refund check in the amount of \$635 was posted to General Fund - Intergovernmental Revenue; however, it should have been credited to the Gasoline Tax Fund - Miscellaneous Revenue, which was the fund where originally payment was made from.

**YORK TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-002 (Continued)**

**Finding for Adjustment and Material Weakness (Continued)**

- First Half Manufactured Home Settlement was posted at the net amount of \$514 in the Fire and Ambulance Fund as Property Taxes, instead of at the gross amounts of \$179, \$245, and \$151, in the General, Road and Bridge, and Fire and Ambulance Funds, respectively, as Intergovernmental Revenue. In addition, deductions of \$61 made by the County Auditor from the receipts should have been posted to the Township's accounting records.
- Second Half Manufactured Home Settlement was posted at the net amount twice in the Township's ledgers. First, in the General Fund as Property Taxes in the gross amount of \$160. Second, in the General Fund as Intergovernmental Revenue in the gross amount of \$160. The tax settlement should have been posted at the gross amounts of \$68, \$88, and \$50, in the General, Road and Bridge, and Fire and Ambulance Funds, respectively, as Property Taxes. In addition, deductions of \$46 made by the County Auditor from the receipts should have been posted to the Township's accounting records.

The following adjustments have been agreed to by Township's management and have been posted to the Township's accounting records and are reflected in the accompanying financial statements in 2015:

- A township gas tax receipt in the amount of \$4,562 was posted to General Fund - Intergovernmental instead of Gasoline Tax Fund Intergovernmental.
- Homestead / rollback receipt was posted in the amount of \$93 to General Fund - Property Taxes; however, this should have been posted in the amounts of \$33, \$37, and \$23, to the General, Road and Bridge, and Fire and Ambulance Funds, respectively, as Intergovernmental Revenue.

The following adjustments have been presented to Township's management; however, they have not been posted to the Township's accounting records as of date of 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 type 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 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.

**FINDING NUMBER 2016-003**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.38(A) states that on or about the first day of each fiscal year, the taxing authority of each subdivision or taxing unit shall pass an appropriation measure. Further, Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

**YORK TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2016-003 (Continued)**

**Noncompliance and Material Weakness**

For 2015, there was no indication that Township adopted an appropriation measure.

Due to the Township not passing an appropriation measure as indicated above, expenditures in all funds exceeded appropriations as noted in the table below.

At December 31, 2015, the Township's expenditures exceeded appropriations by fund in the following amounts:

Fund	Total Appropriations	Expenditures	Variance
General	\$0	\$117,044	(\$117,044)
Motor Vehicle License Tax	0	5,403	(5,403)
Gasoline Tax	0	42,675	(42,675)
Road and Bridge	0	511,380	(511,380)
Fire and EMS	0	22,212	(22,212)

At December 31, 2016, the Township's expenditures exceeded appropriations by fund in following amount due to an audit adjustment:

Fund	Total Appropriations	Expenditures	Variance
Road and Bridge	\$47,500	\$73,098	(\$25,598)

The Township's failure to limit expenditures to the amounts appropriated could result in deficit spending.

The Township should adopt an annual appropriation measure. Once the appropriations are officially adopted the Fiscal Officer should post the amounts to the computer system and the compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Township should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**FINDING NUMBER 2016-004**

**Noncompliance 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.

**YORK TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-004 (Continued)**

**Noncompliance and Material Weakness (Continued)**

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. In 2015, a portion of each of the Township Trustees' salaries were paid from the Gasoline Tax and Road and Bridge funds in the amounts of \$6,368 and \$8,490, respectively, and no prior certification or any other documentation was on file to support these payments from the Gasoline Tax and Road and Bridge funds.

This adjustment has been posted by the Township and is reflected in the accompanying financial statements.

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.

**FINDING NUMBER 2016-005**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 507.09(E) states a township fiscal officer may be compensated from the township general fund or from other funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

Per Auditor of State Bulletin 2011-007, the township fiscal officer 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.

In 2015, a portion of the Fiscal Officer's salary was paid from the Road and Bridge and Motor Vehicle License Tax funds in the amounts of \$1,061 and \$1,061, respectively, and no prior certification or any other documentation was on file to support these payments from the Road and Bridge and Motor Vehicle License Tax funds.

This adjustment has been posted by the Township and is reflected in the accompanying financial statements.

The Township should adopt formal administrative procedures regarding documenting the time spent by Fiscal Officer on various duties. Once these administrative procedures are established, the Fiscal Officer's salary should be charged to the applicable funds in accordance with the payroll certification form or similar method of record keeping.

YORK TOWNSHIP  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-006

**Material Weakness**

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 remaining uncommitted balances of appropriations.

From January 2015 through September 2016, the Fiscal Officer did not maintain an accounting system that integrated budgetary information. Therefore, budgeted receipts, and any amendments made to them, were not posted to the revenue ledger. Also, the Fiscal Officer did not post appropriations to the appropriations ledger. By not maintaining budgetary information, the Township does not have an effective system to monitor budget versus actual receipts and disbursements. In October 2016, the Township started using UAN for their accounting software. At that time, budgetary reports were then being used.

The Fiscal Officer should record estimated receipts per the Official Certificate of Estimated Resources and appropriations per the Appropriation Resolution, as well as all amendments in the Township's accounting system. 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.

FINDING NUMBER 2016-007

**Material Weakness**

Expenditures of the Township should be supported by items such as invoices, contracts, etc. to ensure that the expenditures are properly classified and are for a proper public purpose.

During our review of the Township's non-payroll related disbursements in 2015, we noted that 60% of disbursements tested did not have an invoice to support the payment being made. Not having appropriate support for disbursements could result in expenditures being made that are not properly classified or not for a proper public purpose. The Township did not have controls in place to detect expenditures without proper support, such as authorization by another individual independent of writing the check.

The Township should consider implementing procedures to strengthen internal controls over the proper disbursement of public funds. Voucher packages should contain evidence to support the expenditure, such as an invoice along with approval by someone other than the individual writing the check.

FINDING NUMBER 2016-008

**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.

**YORK TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2016-008 (Continued)**

**Material Weakness (Continued)**

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office 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 (revised March 2017) 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. The fund balance classification relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are: nonspendable, restricted, committed, assigned and unassigned. 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 correctly post the following receipts and disbursements and fund balances in 2016 which resulted in reclassifications.

Fund	Account Type	Amount	Description
<b>2016</b>			
General	Intergovernmental	\$2,745	Local Governmental classified as miscellaneous revenue.
General	Intergovernmental	\$460	Reimbursements classified as intergovernmental revenue.
Road and Bridge	Debt Service: Principal	\$2,011	Debt payments classified as capital outlay.
Road and Bridge	Debt Service: Interest and Fiscal Charges	\$236	Interest and Fiscal Charges payments classified as capital outlay.
General	Assigned - Fund Balance	\$87,419	Fund balance classified as Unassigned. Reclassified to Assigned to include year-end General Fund balance appropriated in the next fiscal year.



**YORK TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2016-008 (Continued)**

**Material Weakness (Continued)**

The Township did not correctly post the following receipts, disbursements and fund balances in 2015 which resulted in reclassifications.

Fund	Account Type	Amount	Description
<b>2015</b>			
General	Intergovernmental	\$212	Manufactured homes classified as intergovernmental revenue.
Road and Bridge	Sale of Fixed Assets	\$3,500	Sale of equipment classified as intergovernmental revenue.
Road and Bridge	Debt Service: Principal	\$5,908	Debt payments - principal classified as capital outlay.
Road and Bridge	Debt Service: Interest and Fiscal Charges	\$273	Interest and Fiscal Charges payments classified as capital outlay.
General	Unassigned - Fund Balance	\$50,000	Fund balance classified as Restricted, which was not restricted.
General	Assigned - Fund Balance	\$82,539	Fund balance classified as Unassigned. Reclassified to Assigned to include year-end General Fund balance appropriated in the next fiscal year.

The Township has agreed to the above reclassifications and these corrected amounts are reflected in the accompanying financial statements.

The Township should appropriately classify and record all receipt, expenditures, and fund balances transactions based on the source of the receipt, purpose of the expenditure, and upon the constraints placed upon the use of the resources.

**FINDING NUMBER 2016-009**

**Material Weakness**

Auditor of State Bulletin 2002-004 states that the Ohio Public Works Commission (OPWC) will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the State will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the capital projects fund equal to the amount disbursed by the OPWC.

On May 18, 2015, the Township entered into a project grant agreement with Ohio Public Works Commission for a road slip repair project. The Township did not post the OPWC on-behalf of payment for this project in the amount of \$203,000, and therefore, this on-behalf of receipt and expenditure activity was not reflected on the 2015 financial statements prepared by the Township.

An adjustment with which the Township agreed with is reflected within the accompanying financial statements.

**YORK TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-009 (Continued)**

**Material Weakness (Continued)**

The Fiscal Officer should review Auditor of State Bulletin 2002-004 which provides guidance for accounting of on-behalf of grants. The Township should adopt procedures for the review of posted transactions and subsequent reporting on the financial statements.

**FINDING NUMBER 2016-010**

**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; the Fiscal Officer performed all accounting functions. It is, therefore, 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 the accounting system of the Township not being posted up-to-date, errors in the monthly bank reconciliations, and errors and omissions occurring in the Township's accounting system. With no control procedures in place, this was all 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.

**FINDING NUMBER 2016-011**

**Noncompliance**

Ohio Revised Code § 5705.10(l) states that money paid into any fund shall be used only for the purposes for which such fund was established. As a result, a deficit fund balance indicates that money from one fund was used to cover the expenses of another fund.

During 2015 and 2016, the Township had negative fund balances in the Debt Service - Miscellaneous Debt Service and Capital Projects - FEMA Funds in the amounts of \$244 and \$990, respectively.

The Fiscal Officer should monitor fund balances to properly ensure that monies from one fund are not utilized to pay the obligations of another fund. To cover temporary cash flow shortages, the Township may be able to advance money from other funds. The Township can refer to Auditor of State Bulletin 97-003 to determine if an advance of funds to prevent a deficit cash balance would be appropriate.

YORK TOWNSHIP  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-012

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made "then" and at the time that the fiscal officer is completing the certification "now", that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance of the Township upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate - The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

During 2015 through September, 2016, the Township did not utilize the encumbrance method of accounting; therefore, no expenditures were certified as to the availability of funds. The Township began using UAN in October, 2016, at which time regular purchase orders were being utilized. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

YORK TOWNSHIP  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-012 (Continued)

**Noncompliance and Material Weakness (Continued)**

The Fiscal Officer should certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code to reduce the available appropriation.

**Officials' Response:** These actions occurred as a result of the prior Fiscal Officer. We have every intention of correcting these matters as we move forward.

# YORK TOWNSHIP

BELMONT COUNTY

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2016 AND 2015

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Rev. Code § 5705.41(D) – During 2014 the Township did not utilize the encumbrance method of accounting.	Fully Corrected.	The Township implemented the AOS Uniform Accounting Network accounting software system in October 2016. This included the use of purchase orders.
2014-002	Ohio Rev. Code § 5705.38(A) – The Township passed temporary appropriations for 2014 and never did pass permanent appropriations.	Fully Corrected.	After the change in Fiscal Officers, the Township adopted permanent appropriations in 2016.
2014-003	Ohio Rev. Code § 5705.10(I) – at December 31, 2014, the Miscellaneous Debt Service and FEMA funds had negative balances.	Not Corrected.	The Miscellaneous Debt Service and FEMA funds had negative fund balances through the entire audit period.
2014-004	Ohio Rev. Code § 5705.10(C) and Ohio Rev. Code § 5705.10(D) – mispostings in 2014 and 2013.	Partially Corrected.	The Township Fiscal Officer corrected some mispostings but was not aware of other mispostings until the audit team pointed them out.
2014-005	Ohio Rev. Code § 149.351(A) – No supporting documentation maintained for some expenditures.	Fully Corrected.	After the change in Fiscal Officers, the Township maintains supporting documentation for all expenditures.
2014-006	Bank Reconciliation – At December 31, 2013 the Township had an unexplained reconciling item.	Fully Corrected.	After the change in Fiscal Officers, the monthly bank reconciliation does not contain unsupported reconciling items.
2014-007	Accounting System – During 2014 and 2013, Township receipts were not always posted to the accurate receipt classifications.	Partially Corrected.	The Township Fiscal Officer corrected some mispostings but was not aware of other mispostings until the audit team pointed them out.
2014-008	Budgetary Accounting System – no budgetary accounting system maintained.	Fully corrected.	The Township implemented the AOS Uniform Accounting Network accounting software system in October 2016
2014-009	Segregation of Duties – The Fiscal Officer performed all accounting functions without adequate or any oversight.	Partially Corrected.	After the change in Fiscal Officers, the Township adopted some oversight controls by the Board of Trustees.

**This page intentionally left blank.**

# 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  
NOVEMBER 7, 2019**