



Dave Yost · Auditor of State

**ATHENS TOWNSHIP
HARRISON COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Athens Township
Harrison County
P.O. Box 147
New Athens, Ohio 43981

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Athens 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 prior year 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 balance with the Township's financial institution. We found no exceptions. The balance agreed. We also agreed the confirmed balance to the amount 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 haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and three 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 fund(s). We found the following exceptions:
 - In 2016, we found two homestead and rollback receipts for a total of \$15 were posted to the General Fund rather than posted to the Road and Bridge Fund in the amount of \$2, the Cemetery Fund in the amount of \$1, in the Fire District Fund in the amount of \$2, and the Police District Fund in the amount of \$10.
 - In 2016, we found two Township Supplement receipts totaling \$1,032 that were recorded in the Motor Vehicle License Tax Fund and should have been recorded in the General Fund.
 - In 2017, we found one homestead and rollback receipt where a total of \$14 that should have been posted in the Cemetery Fund was instead recorded in the General Fund in the amount of \$7, the Road and Bridge Fund in the amount of \$5, the Fire District Fund in the amount of \$1, and the Police District Fund in the amount of \$1.
 - In 2017, we found one Township Supplement receipt in the amount of \$516 that was recorded in the Motor Vehicle License Tax Fund that should have been recorded in the General Fund.We brought this to management's attention. The Fiscal Officer corrected the fund balances for the exceptions. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
 - c. We inspected the AWB Payments and Receipts Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

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Debt

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

Issue	Principal outstanding as of December 31, 2015:
Township Equipment Bond, Series 2014	\$74,300

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 the bond debt activity for 2017 and 2016 and agreed principal and interest payments from the related United States Department of Agriculture Rural Development's Annual Statement of Loan Account to General, Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Fund payments reported in the AWB Payments and Receipts Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

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, except one instance where an employee was paid two hours less than the hours recorded on his timesheet. We brought this to management's attention. Because we did not compare all timesheets, our report provides no assurance whether or not other similar errors occurred.
 - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the timesheet or payroll certification. We were unable to determine whether two out of five disbursements in 2017 and four out of five disbursements in 2016 were posted to a reasonable fund and account code due to the Township not maintaining appropriate documentation of the work performed during the hours worked for the employees. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name;
 - b. Authorized salary or pay rate;
 - c. Department(s) and fund(s) to which the check should be charged;
 - d. Retirement system participation and payroll withholding;
 - e. Federal, State & Local income tax withholding authorization and withholding; and
 - f. Any other deduction authorizations (deferred compensation, etc.).

Payroll Cash Disbursements (Continued)

We found no exceptions related to procedures a. – f. above, except the retirement system enrollment form, and federal and state tax withholding authorizations were not maintained for two employees. However, the payroll register did disclose retirement, federal and state withholdings for this employee. The Township should maintain all documentation to support wages paid and deductions withheld.

3. 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:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	1/31/18	12/29/17	\$761	\$761
State income taxes	1/15/18	12/29/17	\$469	\$469
OPERS retirement	1/30/18	12/29/17	\$1,872	\$1,872

4. For the pay periods ended February 28, 2017 and June 30, 2016, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Fund per the Wage Detail Report. We found no exceptions.
5. 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.
6. 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. No such reimbursements occurred.

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 2017 we found one instance where the Township improperly paid sales tax totaling \$77 and one instance where the Township improperly paid interest due to a late fee totaling \$35. 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, except in 2016 we found one instance where the check number on the canceled check did not agree to the check number recorded in the AWB Payments and Receipts Report.

Non-Payroll Cash Disbursements (Continued)

- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found the following exceptions, in 2016 we found one instance where the Township improperly recorded a disbursement totaling \$1,000 to Motor Vehicle License Tax Fund that should have been recorded in the General Fund, and two instances in 2017 where the Township improperly posted a disbursement to Cemetery Fund totaling \$100 and Gasoline Tax Fund totaling \$2,800 that should have been recorded in the General Fund. We brought this to management's attention. The Fiscal Officer corrected the General, Motor Vehicle License Tax, Gasoline Tax, and Cemetery Funds for these items. However, because we did not test all disbursements, our report provides no assurance regarding whether or not other similar errors occurred.
- 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 no exceptions.

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 Cemetery 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, Gasoline Tax and Cemetery Funds in 2017. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Gasoline Tax, and Cemetery Funds of \$52,600, \$110,500, and \$38,300, respectively for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$51,000, \$102,005, and \$31,000, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
- 2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Gasoline Tax and Cemetery 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, Motor Vehicle License Tax, and Road and Bridge Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the General, Motor Vehicle License Tax, and Road and Bridge Funds in 2017. The Appropriation Status Report recorded appropriations for the General, Motor Vehicle License Tax, and Road and Bridge Funds of \$61,478, \$25,944, and \$44,430, respectively for 2017. However, the legislatively approved appropriations reflected \$55,774, \$16,800, and \$34,000, respectively. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to the amounts recorded in the appropriation resolutions to ensure the amounts agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
- 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 Cemetery Funds for the years ended December 31, 2017 and 2016. Gasoline Tax Fund appropriations for 2017 exceeded certified resources by \$2,258, contrary to Ohio Rev. Code § 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.

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, Motor Vehicle License Tax and Road and Bridge Fund, as recorded in the Appropriation Status Report. Motor Vehicle License Tax and Road and Bridge Fund expenditures for 2017 exceeded total appropriations by \$3,508 and \$5,610, respectively, contrary to Ohio Rev. Code § 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
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. The Township established the Special Assessment Fund during 2016 to segregate the Ohio Department of Commerce Division of State Fire Marshall receipts and disbursements, in compliance with § 5705.09.
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 and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of 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).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Flow Summary by Fund Report for the years ended December 31, 2017 and 2016 for negative cash fund balances. Ohio Rev. Code § 5705.10 (l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund 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.

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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 resubmitting 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 up on 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

May 23, 2018

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ATHENS 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
JUNE 5, 2018