



**CLEAR CREEK TOWNSHIP
ASHLAND COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2018 and 2017**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

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OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Clear Creek Township
PO Box 82
Savannah, OH 44874

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Clear Creek Township, Ashland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2020

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CLEAR CREEK TOWNSHIP
ASHLAND COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

November 1, 2019

Clear Creek Township
Ashland County
PO Box 82
Savannah, Ohio 44874

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of **Clear Creek Township**, Ashland County (the Township) and the Auditor of State, on the receipts, disbursements and balances recorded in the Township's cash-basis accounting records for the years ended December 31, 2018 and 2017, 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, 2018 and 2017 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 and Investments

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2016 balances in the prior year audited statements. There was a difference of \$765 in the General Fund due to audit balance adjustments that were not made to the Township's accounting system, interest, and prior period miss-postings. Also, the Cemetery Bequest fund was classified as a Special Revenue fund instead of a Permanent Fund resulting in a \$2,569 variance. We have repropounded the prior year audit adjustments and the Township has made all adjustments to their accounting system. We also agreed the January 1, 2018 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances to the December 31, 2017 balances in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances. We found no exceptions.

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedures – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

*Ohio Society of CPAs * West Virginia Society of CPAs * Association of Certified Fraud Examiners * Association of Certified Anti-Money Laundering Specialists*

Cash (Continued)

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances.

We noted a variance of (\$765) between the balance on the December 31, 2018 bank reconciliation and the Fund Status report. This variance is shown as "Other Adjusting Factors" on the bank reconciliation, with the explanation that it was receipts and payments not entered into the accounting system.

We noted a variance of (\$765) between the balance on the December 31, 2017 bank reconciliation and the Fund Status report. This variance is shown as "Other Adjusting Factors" on the bank reconciliation, with the explanation that it was receipts and payments not entered into the accounting system.

When bank to book reconciliations are not properly completed, errors, irregularities, or misappropriation of the Township's assets could occur without knowledge of the Board. This could also lead to misstated financial statements. We recommend the Fiscal Officer investigate all reconciling items at the time of the reconciliations and resolve them in a timely manner. We further recommend the Board review the monthly bank reconciliations once completed and ensure all reconciling items are promptly addressed. The Township has made all adjustments to their accounting system.

4. We confirmed the December 31, 2018 bank account balances with the Township's financial institutions. The balances agreed except Star Ohio interest was not receipted in the Township financial statements. Total Star Ohio interest not receipted to the Township financial statements as of December 31, 2018 was \$302. Except for the Star Ohio deposits, we also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation. We recommend the Fiscal Officer record interest earned on Star Ohio deposits when earned rather than when the deposit is redeemed. The Township has made all adjustments to their accounting system.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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.
6. We selected a sample (agreed upon) of five reconciling credits (such as deposits in transit) from the December 31, 2018 bank reconciliation:
 - c. We were unable to trace each credit to the subsequent January bank statement. We noted these credits were long outstanding items and have recommended the Fiscal Officer void these transactions.
 - d. We were unable to agree the amounts and dates to the Revenue Ledger. These credits were recorded as receipts in 2011 and 2014.
7. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:
 - e. Were of a type authorized by Ohio Rev. Coded Sections 1235.13, 135.14 or 135.144. We found no exceptions.
 - f. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We inspected the Revenue Ledger to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Ledger to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger to determine whether it included two real estate tax receipts for 2018 and 2017. The Revenue Ledger included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of all receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the Ashland County Auditor's DTL's from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We inspected the Revenue Ledger to determine whether these receipts were allocated to the proper funds. We found no exceptions. However, we determined the Township posted state rollback receipts as Property and Other Local Taxes instead of Intergovernmental for 2018 and 2017.
 - c. We inspected the Revenue Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Revenue ledger and Appropriation Ledger for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. There were no new debt issuances, nor any debt payment activity during 2018 or 2017.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Ledger and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary) We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 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 2018. We noted the following:

Payroll Cash Disbursements (Continued)

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)	January 31, 2019	January 22, 2019	\$1,959.96	\$2,328.68
State income taxes	January 31, 2019	January 21, 2019	\$419.26	\$419.26
OPERS Retirement	January 30, 2019	January 22, 2019	\$1,789.03	\$1,821.51

As stated above, the Township overpaid its Medicare portion by \$368.72 and received a credit to its account. The Township also paid OPERS \$32.48 in additional funds due to November 2018 late fees and penalties.

3. We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2018 and 2017 to determine if Township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Appropriation Ledger for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - 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 Appropriation Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev Code Section 5705.41(D). We found three instances where the certification date was after the vendor invoice date, and there was no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax, and Road and Bridge Funds for the years ended December 31, 2018 and 2017. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system, for the General, Gasoline Tax, and Road & Bridge Funds in 2018 and 2017. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Gasoline Tax, and Road & Bridge Funds of \$74,010, \$85,000, and \$110,000, respectively, in 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$70,306, \$90,000 and \$105,745, respectively. The Revenue Status Report recorded budgeted (i.e. certified resources for the General, Gasoline Tax, and Road & Bridge Funds of \$76,010, \$85,000, \$103,783, respectively, in 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$89,439, 88,538, 98,007, respectively. The Fiscal Officer should periodically compare the amounts recorded in the Revenue Status Report to the 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 2018 and 2017 to determine whether, for the General, Gasoline Tax, and Road & Bridge Funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Gasoline Tax and Road & Bridge Funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status Report for the General, Gasoline Tax, and Road and Bridge Funds in 2018 and 2017. The Appropriation Status Report recorded appropriations for the General, Gasoline Tax, and Road & Bridge Funds of \$92,350, \$102,225, and \$118,400, respectively, in 2018. However, approved appropriations reflected \$86,025, \$99,425, and \$83,400, respectively. The Appropriation Status Report recorded appropriations for the General, Gasoline Tax, and Road & Bridge Funds of \$87,100, \$97,850, and \$107,400, respectively, in 2017. However, approved appropriations reflected \$80,350, \$85,250, and \$85,400, respectively. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to appropriation amounts approved by resolution to assure that they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax, and Road & Bridge Funds for the years ended December 31, 2018 and 2017. General, Gasoline, and Road & Bridge Funds for 2017 exceeded certified resources by \$9,089, \$3,288, and \$12,607, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this occur could cause the Township to incur fund balance deficits.

Compliance – Budgetary (Continued)

5. Ohio Rev. Code Section 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, 2018 and 2017 for the General, Gasoline Tax, and Road and Bridge Funds, as recorded in the Appropriation Status Report. Road and Bridge Fund expenditures for 2018 exceeded total appropriations by \$25,452, contrary to Ohio Rev. Code Section 5705.41(B). Gasoline Tax and Road and Bridge Fund expenditures for 2017 exceeded total appropriations by \$4,877 and \$17,129, respectively, contrary to Ohio Rev. Code Section 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 Trustees to approve increases expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required fields were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included in the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 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 Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2018 and 2017 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 Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Other Compliance

1. Ohio Rev. Code Section 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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. Financial information was filed March 5, 2018 and October 8, 2019 which was not within the allotted timeframe for the years December 31, 2018 and 2017 in the Hinkle system.

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, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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OHIO AUDITOR OF STATE KEITH FABER



CLEAR CREEK TOWNSHIP

ASHLAND 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
APRIL 7, 2020**