



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Liberty Township  
Van Wert County  
13833 St. Rt. 118  
Van Wert, Ohio 45891

We have performed the procedures enumerated below on Liberty Township's (the Township) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2022 and 2021 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, 2022 and 2021 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township.

The Board of Trustees and the management of the Township have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2022 and 2021, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash and Investments

1. We recalculated the December 31, 2022 and December 31, 2021 bank reconciliations.
2. We agreed the January 1, 2021 beginning fund balances recorded in the Cash Journal to the December 31, 2020 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2022 beginning fund balances for each fund recorded in the Cash Journal to the December 31, 2021 balances in the Cash Journal. We found no exceptions.
3. We agreed the 2022 and 2021 Bank Reconciliations as of December 31, 2022 and 2021 to the total fund cash balances reported in the Cash Journal and the financial statements filed by the Township in the Hinkle system. There was a variance between the Reconciliation and Cash Journal for both 2022 and 2021 in the amount of \$142, each. In addition, there was a variance between the Adjusted Balance per the reconciliation and the financial statements filed on the Hinkle system in the amount of \$142 for 2022, and \$3,748 for 2021.

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4. We confirmed the December 31, 2022 bank account balances with the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2022 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2022 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 Cash Journal, and determined the debits were dated prior to December 31. We found no exceptions.
6. We inspected investments held at December 31, 2022 and December 31, 2021 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code § 135.13, 135.14, 135.144 or 135.145. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We found no exceptions.

#### **Property Taxes and Intergovernmental Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the Van Wert County Auditor Appropriation History Report for 2022 and a total of five from 2021:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Journal. The amounts agreed.
  - b. We inspected the Receipt Journal to determine these receipts were 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 Receipt Journal to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Journal to determine whether it included two real estate tax receipts for 2022 and 2021. The Receipt Journal included the proper number of tax receipts for each year. We found no exceptions.

#### **Debt**

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2020.
2. We inquired of management and inspected the Receipt Journal, Cash Journal and the Appropriation Ledger for evidence of debt issued during 2022 or 2021 or debt payment activity during 2022 or 2021. There were no new debt issuances, nor any debt payment activity during 2022 or 2021.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2022 and one payroll check for five employees from 2021 from the Payroll Record and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Record 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 record. We found no exceptions
  - c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the minute record. We found no exceptions.
  - d. We confirmed the payment was posted to the proper year. We found no exceptions.
  
2. We selected the new Trustee from 2022 and:
  - a. We inspected the Payroll Record and minute for the Retirement system, Federal, State & Local income tax withholding authorization.
  - b. We agreed the items in a above to the Payroll Record  
 We found no exceptions.
  
3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2022 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 2022. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2023	January 6, 2023	\$749	\$749
State income taxes	January 15, 2023	January 29, 2023	\$1,464	\$1,464
Local income tax	January 31, 2023	January 29, 2023	\$1,040	\$1,040
OPERS retirement	January 15, 2023	December 31, 2022	\$2,162	\$2,162

We found no exceptions.

4. For the pay periods ended August 1, 2022 and March 1, 2021, we
  - a. Recomputed the allocation of the Boards' salary amounts and employer shares withholdings to the General, Gas Tax and Road Fund per the Payroll Record.

We found in 2022, General Fund expenses were understated by \$2,680, Gas Tax Fund expenses were overstated by \$255 and Road & Bridge Fund expenses were overstated by \$2,425 due to Township allocating Trustee OPERS withholdings from the Gasoline Tax fund at 58% and Road & Bridge Fund at 42% instead of the General Fund at 35%, Gas Tax Fund at 55% and Road & Bridge Fund at 10%.

We found in 2021, General Fund expenses were understated by \$2,016, Gas Tax Fund expenses were overstated by \$192 and Road & Bridge Fund expenses were overstated by \$1,824 due to Township allocating Trustee OPERS withholdings from the Gasoline Tax fund at 58% and Road & Bridge Fund at 42% instead of the General Fund at 35%, Gas Tax Fund at 55% and Road & Bridge Fund at 10%.

The Township posted the adjustments on their Cash Journal.

- b. Traced the Boards' pay for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
5. We compared total gross pay for the fiscal officer and each board of trustee for 2022 and 2021 to the compensation permitted by Ohio Revised Code §§ 507.09 and 505.24, respectively. Their pay did not exceed the Ohio Revised Code §§ 507.09 and 505.24 permitted amounts.
6. We inquired of management and inspected the Cash Journal for the years ended December 31, 2022 and 2021 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. From the Appropriation Ledger, we re-footed checks recorded as General fund disbursements for *assessments (public safety)*, and checks recorded as *public works* in the Road fund for 2022. We found no exceptions.
2. We selected 10 disbursements from the Cash Journal for the year ended December 31, 2022 and 10 from the year ended 2021 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 canceled check agreed to the check number, date, payee name and amount recorded in the Cash Journal and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

#### **Compliance – Budgetary**

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the year ended December 31, 2022 for the General, Motor Vehicle License Tax and ARPA fund, and for the year ended December 31, 2021 for the General, Motor Vehicle License Tax and Fire fund, as recorded in the Appropriation Ledger. Expenditures did not exceed appropriations

2. We inspected the Cash Journal for the years ended December 31, 2022 and 2021 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 balances.

### **Sunshine Law Compliance**

1. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(e)(2).
2. We selected all public records requests from the engagement period and inspected each request to determine the following:
  - a. We were unable to determine if the request was compliant and responded to in accordance with adopted policies as required by Ohio Rev. Code § 149.43(B)(1) due to the Township not having an adopted public records policy.
  - b. The Township did not have any denied public records requests during the engagement period.
  - c. The Township did not have any public records requests with redactions during the engagement period.
3. We inquired with Township management and determined that the Township did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period therefore it could not be included in a policy manual as required by Ohio Rev. Code § 149.43(E)(2).
6. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period therefore it could not be displayed in all the branches of the Township as required by Ohio Rev. Code § 149.43(E)(2).
7. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with Township management to determine whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) had successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). It was noted no elected official (or designees) had attended a certified three-hour public records training.

9. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

#### **Contract Compliance:**

1. We inspected the Minutes and 2021 and 202 Cash Journal and identified the Township had expenditures subject to competitive bidding. We found no exceptions.
2. We selected one contract over \$50,000 for 2022 and one for 2021 and
  - a. We inspected the contract and other bids for the contracted expenditure and determined:
    - i. The Township Association accepted the lowest bid and met the requirements of Ohio Rev. Code §5575.01 and §5549.21
    - ii. No bid splitting occurred
    - iii. No deliberate attempts to evade bid limitations occurred, such as successive contracts just under the bid amount, occurred.
    - iv. No apparent interest in the contract by a public official occurred.We found no exceptions.

#### **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 regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. Financial information for December 31, 2022 and 2021 was filed on May 5, 2023 and September 1, 2022, respectively, which was not within the allotted timeframe.

We were engaged by the Township to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.



We are required to be independent of the Township and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 22, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**LIBERTY TOWNSHIP**

**VAN WERT COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 10/10/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)