



Dave Yost • Auditor of State

YORK TOWNSHIP
BELMONT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

York Township
Belmont County
54377 Mt. Victory Road
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, 2014 and 2013.

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 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 audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Non-payroll related expenditures reported at \$177,084 and \$124,772 for the years ended December 31, 2014 and 2013, respectively, which were 69 percent of total expenditures across all fund types for the year ended December 31, 2014 and 62 percent of total expenditures across all fund types for the year ended December 31, 2013. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as non-payroll related expenditures. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of York Township, Belmont County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2016, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

August 24, 2016

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**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, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$24,649	\$58,402	\$0	\$0	\$83,051
Intergovernmental	36,344	97,444	0	0	133,788
Earnings on Investments	140	10	0	0	150
Miscellaneous	2,637	200,000	0	0	202,637
<i>Total Cash Receipts</i>	<u>63,770</u>	<u>355,856</u>	<u>0</u>	<u>0</u>	<u>419,626</u>
Cash Disbursements					
Current:					
General Government	97,309	0	0	0	97,309
Public Safety	0	24,397	0	0	24,397
Public Works	160	113,292	0	0	113,452
Other	0	0	138	0	138
Capital Outlay	0	16,002	0	996	16,998
Debt Service:					
Principal Retirement	0	0	1,544	0	1,544
Interest and Fiscal Charges	0	0	224	0	224
<i>Total Cash Disbursements</i>	<u>97,469</u>	<u>153,691</u>	<u>1,906</u>	<u>996</u>	<u>254,062</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(33,699)</u>	<u>202,165</u>	<u>(1,906)</u>	<u>(996)</u>	<u>165,564</u>
<i>Fund Cash Balances, January 1</i>	<u>75,612</u>	<u>152,234</u>	<u>1,983</u>	<u>3,500</u>	<u>233,329</u>
Fund Cash Balances, December 31					
Restricted	0	354,399	321	3,494	358,214
Unassigned (Deficit)	41,913	0	(244)	(990)	40,679
<i>Fund Cash Balances, December 31</i>	<u>\$41,913</u>	<u>\$354,399</u>	<u>\$77</u>	<u>\$2,504</u>	<u>\$398,893</u>

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

**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, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$23,061	\$48,283	\$0	\$0	\$71,344
Intergovernmental	59,612	96,150	0	0	155,762
Earnings on Investments	80	38	0	0	118
<i>Total Cash Receipts</i>	<u>82,753</u>	<u>144,471</u>	<u>0</u>	<u>0</u>	<u>227,224</u>
Cash Disbursements					
Current:					
General Government	53,531	0	0	0	53,531
Public Safety	0	20,349	0	0	20,349
Public Works	880	75,983	0	0	76,863
Health	4,081	0	0	0	4,081
Capital Outlay	0	45,903	0	0	45,903
<i>Total Cash Disbursements</i>	<u>58,492</u>	<u>142,235</u>	<u>0</u>	<u>0</u>	<u>200,727</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>24,261</u>	<u>2,236</u>	<u>0</u>	<u>0</u>	<u>26,497</u>
Other Financing Receipts					
Other Debt Proceeds	0	9,000	0	0	9,000
Sale of Capital Assets	1,000	0	0	0	1,000
<i>Total Other Financing Receipts</i>	<u>1,000</u>	<u>9,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
<i>Net Change in Fund Cash Balances</i>	25,261	11,236	0	0	36,497
<i>Fund Cash Balances, January 1</i>	<u>50,351</u>	<u>140,998</u>	<u>1,983</u>	<u>3,500</u>	<u>196,832</u>
Fund Cash Balances, December 31					
Restricted	0	152,234	1,983	3,500	157,717
Unassigned	75,612	0	0	0	75,612
<i>Fund Cash Balances, December 31</i>	<u>\$75,612</u>	<u>\$152,234</u>	<u>\$1,983</u>	<u>\$3,500</u>	<u>\$233,329</u>

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

**YORK TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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 Powhatan Point Volunteer Fire Department to provide fire protection and emergency medical services,

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

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.

C. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

**YORK TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

These funds account 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 - The fund used to receive property tax to service debt for the previous purchase of a truck and grader.

4. Capital Project Funds

These funds account 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 Projects Fund:

Federal Emergency Management Agency (FEMA) Fund - The Township received a grant from the State of Ohio through the Emergency Management Agency to provide for road repairs in previous years.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting for 2014. The Township did not encumber all commitments required by Ohio law for 2013.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

YORK TOWNSHIP
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance

Fund balance is divided into two 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:

1. 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.

2. 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.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2014	2013
Demand deposits	<u>\$398,893</u>	<u>\$233,329</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

**YORK TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2014 and 2013, follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,575	\$63,770	\$14,195
Special Revenue	340,500	355,856	15,356
Total	\$390,075	\$419,626	\$29,551

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$97,469	(\$97,469)
Special Revenue	0	153,691	(153,691)
Debt Service	0	1,906	(1,906)
Capital Projects	0	996	(996)
Total	\$0	\$254,062	(\$254,062)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,230	\$83,753	\$11,523
Special Revenue	150,867	153,471	2,604
Total	\$223,097	\$237,224	\$14,127

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,673	\$58,492	\$15,181
Special Revenue	258,955	142,235	116,720
Debt Service	1,983	0	1,983
Capital Projects	3,500	0	3,500
Total	\$338,111	\$200,727	\$137,384

Contrary to Ohio Rev. Code § 5705.38, the Township did not pass an annual appropriations measure for 2014 which resulted in all Township fund expenditures exceeding appropriations in 2014, contrary to Ohio Rev. Code § 5705.41(B).

4. PROPERTY TAX

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.

**YORK TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

4. PROPERTY TAX (Continued)

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.

5. DEBT

Debt outstanding at December 31, 2014, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Commercial Truck Loan	<u>\$5,923</u>	5.5%

The Township issued a commercial loan through a local financial institution to finance the purchase of a truck. The Township's taxing authority and the truck collateralize the loan.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Truck Loan
2015	\$2,851
2016	2,851
2017	713
Total	\$6,415

6. 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 plans' benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

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.

8. CONTINGENT LIABILITY

The Auditor of State is conducting a special investigation. As of the date of this report, the investigation is ongoing. The results of the investigation will be reported on at a later date.

**YORK TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

9. SUBSEQUENT EVENTS

- On June 5, 2015, the Township received an Ohio Public Works Commission (OPWC) grant in the amount of \$203,000. This grant financed the slip repair on Little Captina Road (TR 132).
- In March and April 2016, the Township received \$28,500 and \$9,000, respectively, from Rice Midstream for maintenance on Township Roads.
- 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 is \$50,634.
- On August 4, 2016, the Board approved Resolution No. 16-01 for replacement of the existing 2.5 Mill Levy for Fire and EMS Services with a 5 Mill Levy, in excess of the ten mill limitation to be on the November 2016 ballot.



Dave Yost • Auditor of State

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
54377 Mt. Victory Road
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, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 24, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit. We also noted we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as non-payroll related expenditures.

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 2014-004 through 2014-008 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 2014-009 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 2014-001 through 2014-005.

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.

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

Dave Yost
Auditor of State
Columbus, Ohio

August 24, 2016

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Noncompliance

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.

For 2014, the Township did not utilize the encumbrance method of accounting; therefore, no expenditures were certified as to the availability of funds.

For 2013, we noted all of the super blanket purchase orders were not issued in accordance with the above mentioned requirements and all outstanding purchase orders at December 31, 2013 were super blankets that cannot extend beyond the current year.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-001 (Continued)

Noncompliance – Ohio Rev. Code § 5705.41(D) (Continued)

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.

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.

FINDING NUMBER 2014-002

Noncompliance

Ohio Rev. Code § 5705.38(A) states on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

For 2014, the Township passed temporary appropriations on December 30, 2013; however, permanent appropriations were never approved.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

Due to the Township Trustees not passing an appropriation measure as indicated above in 2014, expenditures in all funds exceeded appropriations at December 31, 2014, as noted in the table below.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-002 (Continued)

Noncompliance – Ohio Rev. Code §§ 5705.38(A) and 5705.41(B) (Continued)

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variances</u>
General	\$0	\$97,469	(\$97,469)
Motor Vehicle License Tax	0	8,316	(8,316)
Gasoline Tax	0	66,569	(66,569)
Road & Bridge	0	54,409	(54,409)
Fire & Ambulance	0	24,397	(24,397)
Special Assessment	0	138	(138)
Miscellaneous Debt Service	0	1,768	(1,768)
FEMA	0	996	(996)

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

The Board of Trustees should adopt an annual appropriation measure. Once the appropriations are officially adopted the Fiscal Officer should post the amounts to the computer system and then compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board 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 2014-003

Noncompliance

Ohio Rev. Code § 5705.10(I) 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.

At September 30, 2014, the Township had a negative fund balance in the FEMA Fund in the amount of \$990. At December 31, 2014, the Township had negative fund balances in the Miscellaneous Debt Service and 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.

FINDING NUMBER 2014-004

Noncompliance 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.

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.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-004 (Continued)

Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10(C) (Continued)

The following mispostings were noted for 2014:

- A gas tax receipt in the amount of \$2,451 was posted to General Fund Taxes instead of Gasoline Tax Fund Intergovernmental.
- A trailer tax settlement in the amount of \$243 was posted 100% to General Fund Taxes instead of being allocated to Taxes in the Road & Bridge and the Fire and Ambulance Funds the amounts of \$143 and \$100, respectively.

The following misposting was noted for 2013:

- Debt proceeds in the amount of \$9,000 were posted to General Fund Intergovernmental, instead of Road & Bridge Debt Proceeds which was the fund that paid for the truck.

All of the adjustments noted above have been agreed to by Township management and have been posted to the Township's accounting records and are reflected in the accompanying financial statements.

The Fiscal Officer should post receipts to the proper fund based upon its source.

FINDING NUMBER 2014-005

Noncompliance and Material Weakness

Ohio Rev. Code § 149.351(A) states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under §§ 149.38 to 149.42 of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, destroyed, mutilated or transferred unlawfully."

The Township maintained voucher packages, which included a copy of the check issued and the invoice supporting the expenditures. However, in 2014 and 2013, 42% and 17%, respectively, of the transactions selected for testing had no invoice or other supporting documentation attached to the voucher package.

Failure to maintain support for expenditures could result in a loss of accountability over the Township's finances, make it difficult to identify errors or irregularities which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Also, failure to maintain such documentation for items purchased may compromise the Township's ability to ensure expenditures are authorized and allowable, and may result in findings for recovery in future periods.

The Fiscal Officer should maintain supporting documentation for all supporting documentation for all expenditures. The Township Trustees should not approve any expenditure without the appropriate documentation attached to each voucher package.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-006

Material Weakness

The bank reconciliation prepared as of December 31, 2013 included an unexplained adjustment of \$1,496. The Fiscal Officer was able to determine \$1,211 of this amount. The Fiscal Officer has not been able to reconcile since July 2013. Each month, the unexplained reconciling amount was never consistent and ranged anywhere from \$220 to \$1,211. There was no documentation of the governing board review of the bank reconciliations. There was also \$21,306 in outstanding checks on the reconciliation that were not truly outstanding due to the Fiscal Officer not disbursing them to the payee's.

Reconciling cash is a critical control in assuring all transactions are posted accurately and timely, and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. The Township's small size requires governing board involvement with critical accounting processes (such as bank reconciliations) to compensate for the inability to segregate these duties. The absence of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

Material adjustments with which the Township officials' agree are reflected in the accompanying financial statements.

The Fiscal Officer should prepare monthly bank reconciliations. Sufficient explanation and/or supporting documentation should be provided and retained for all reconciling items, such as outstanding checks, deposits-in-transit, and "Other Adjusting Factors" that may appear on the reconciliation. The Fiscal Officer should present monthly bank reconciliations to the Board of Trustees for their review and approval at their monthly meetings.

FINDING NUMBER 2014-007

Material Weakness

All local public offices shall 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 2016) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). 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.

During 2014 and 2013, Township receipts were not always posted to the accurate receipt classifications, based upon the source of receipt.

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-007 (Continued)

Material Weakness (Continued)

The following misclassifications were noted for 2014:

- \$16,133 Local Government, \$11,334 Homestead & Rollback, and \$277 Liquor Permit receipts were posted to General Fund Taxes instead of General Fund Intergovernmental.

The following misclassifications were noted for 2013:

- \$22,753 Estate Tax receipt was posted to General Fund Taxes instead of General Fund Intergovernmental.
- A receipt for a sale of a truck in the amount of \$1,000 was posted to General Fund Taxes instead of General Fund Sale of Capital Assets.

Material adjustments with which the Township officials' agree are reflected in the accompanying financial statements.

The Fiscal Officer should utilize available authoritative resources to appropriately classify receipt transactions.

FINDING NUMBER 2014-008

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.

During 2014, 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 receipt ledger. Also, the Fiscal Officer did not post appropriations to the expense ledger. By not maintaining budgetary information, the Township does not have an effective system to monitor budget versus actual receipts and disbursements.

During 2013, the Fiscal Officer did not properly post budgeted receipts or appropriations, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and appropriation resolutions to the amounts posted to the accounting system throughout the year.

The following tables detail these variances for 2013:

<u>Fund</u>	<u>Amount per Last Amended Certificate</u>	<u>Amount Posted to the Accounting System (UAN)</u>	<u>Variance</u>
General	\$72,230	\$41,197	\$31,033
Road & Bridge	34,500	25,500	9,000

**YORK TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-008 (Continued)

Material Weakness (Continued)

<u>Fund</u>	<u>Amount per Appropriation Resolution</u>	<u>Amount Posted to the Accounting System (UAN)</u>	<u>Variance</u>
General	\$73,673	\$72,073	\$1,600
Fire & Ambulance	25,000	27,000	(2,000)
Miscellaneous Other	464	0	464
Special Assessment	459	0	459
Miscellaneous Debt Service	1,524	0	1,524
FEMA	6	0	6
Miscellaneous Capital Projects	3,494	0	3,494

Adjustments to budgeted amounts in which Township officials agree are reflected in Note 3 to the financial statements.

The Fiscal Officer should record all estimated receipts per the Official Certificate of Estimated Resources and appropriations approved by the Board of Trustees within the accounting system. The Fiscal Officer should periodically present budget versus actual information to the Board of Trustees. These procedures will help ensure more useful comparisons of budget versus actual activity, as well as provide management with accurate monitoring tools throughout the year.

FINDING NUMBER 2014-009

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 could and did result 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 of these reports should be documented in the board minutes of the Township meetings.

Officials' Response: We did not receive a response from Officials to the findings reported above.

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Dave Yost • Auditor of State

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
SEPTEMBER 6, 2016