

**NEWARK TOWNSHIP  
LICKING COUNTY**

**AGREED UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Board of Trustees  
Newark Township  
PO Box 343  
Newark, OH 43058

We have reviewed the *Independent Accounts' Report on Applying Agreed-Upon Procedures* of Newark Township, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the period January 1, 2015 through December 31, 2016. 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. Newark Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 26, 2017

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.**  
**1100 BRANDYWINE BLVD. BUILDING G**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Newark Township  
Licking County  
PO Box 343  
Newark, OH 43058

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Newark Township (the Township) and the Auditor of State, on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2016 and 2015 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, 2016 and 2015 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 responsible 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Cash Journal to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Cash Journal to the December 31, 2015 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of December 31, 2016 and 2015 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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 inspected investments held at December 31, 2016 and December 31, 2015 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. 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 haphazardly selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes (the Statement) for 2016 and one from 2015:
  - a. We traced the gross receipts from the Statement to the amount recorded in the Cash Journal. The amounts agreed.
  - b. We inspected the Cash Journal to confirm whether 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 Cash Journal to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Cash Journal to determine whether it included two real estate tax receipts for 2016 and 2015. We noted the Cash Journal included the proper number of tax receipts for each year.
3. We haphazardly selected all receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also haphazardly selected five receipts from the County Auditor's Audit Trail Report from 2016 and five from 2015:
  - a. We compared the amount from the above reports to the amount recorded in the Cash Journal. The amounts agreed.
  - b. We inspected the Cash Journal to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Cash Journal to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we observed the following loan was outstanding as of December 31, 2014. These amounts agreed to the Townships January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
Fire Truck Note	\$240,000

2. We inquired of management, and inspected the Cash Journal and Appropriation Ledger for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt agreed to the summary we used in step 3.
3. We obtained a summary of note debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to fire fund payments reported in the Cash Journal. We also compared the date the Fire Fund 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 2016 and one payroll check for five employees from 2015 from the Payroll Spreadsheet and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Spreadsheet 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 payroll folder. 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, 2016 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 2016. We observed the following:

<b>Withholding (plus employer share Where applicable)</b>	<b>Due Date</b>	<b>Date Paid</b>	<b>Amount W/H</b>	<b>Amount</b>
Federal Income Taxes	January 15, 2017	December 22, 2016	\$ 7,258.35	\$ 7,258.35
State Income Taxes	January 15, 2017	December 22, 2016	1,013.41	1,013.41
School District Taxes	January 15, 2017	December 22, 2016	329.43	329.43
Zanesville City	January 15, 2017	December 22, 2016	143.36	143.36
Newark City	January 15, 2017	December 22, 2016	430.30	430.30
Heath City	January 15, 2017	December 22, 2016	48.93	48.93
OPERS Retirement	January 31, 2017	December 22, 2016	1,404.20	1,404.20

3. We inquired of management and inspected the Cash Journal for the years ended December 31, 2016 and 2015 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 Cash Journal, we re-footed checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *public* works in the Gas fund for 2016. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2016 and ten from the year ended 2015 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 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 Section 5705.41(D). We have two instances where disbursements requiring certification were not certified, and there was also 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 Cash Journal for the General Fund, Gas Tax Fund, and the Road and Bridge Fund for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for General Fund, Gasoline Tax Fund and Road & Bridge Fund, The Receipts Ledger recorded budgeted (i.e. certified) resources of \$131,841, \$89,387 and \$105,330, respectively for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$130,854, \$84,508 and \$104,555, respectively. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for General Fund, Gasoline Tax Fund and Road & Bridge Fund. The Receipt Ledger recorded budgeted (i.e. certified) resources of \$132,065, \$86,968 and \$103,393, respectively for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$131,689, \$82,113 and \$103,375, respectively. The fiscal officer should periodically compare amounts recorded in the Cash Journal 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 2016 and 2015 to determine whether, for the General Fund, Gasoline Tax Fund and the Road and Bridge Fund, 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 Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2016 and 2015 for the following funds: General Fund, Gasoline Tax Fund and the Road and Bridge Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
4. Ohio Rev. Code Section 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 Fund, Gasoline Tax Fund and the Road and Bridge Fund for the years ended December 31, 2016 and 2015. There were no funds for which appropriations exceeded certified resources.
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, 2016 and 2015 for the General Fund, Gasoline Tax Fund and the Road and Bridge Fund, as recorded in the Appropriation Ledger. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Cash Journal for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. 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, 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 included on the accounting records.



8. We inspected the 2016 and 2015 Cash Journal and Appropriation Ledger for evidence of interfund transfers exceeding \$5,000 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 and Court of Common Pleas.
9. We inquired of management and inspected the Appropriation Ledger 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 Journal by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5701.10(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 balances.

#### **Compliance – Contracts and Expenditures**

1. We inquired of management and inspected the Cash Journal for the years ended December 31, 2016 and 2015 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. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer and/or inspected the Fiscal Integrity Act Portal (<http://ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer has not yet obtained per the Fiscal Integrity Act Portal.

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 for the use of the Township to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 2, 2017



# Dave Yost • Auditor of State

**NEWARK TOWNSHIP**

**LICKING 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  
JULY 11, 2017**