



OHIO AUDITOR OF STATE
KEITH FABER



ADAMS TOWNSHIP
COSHOCKTON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Adams Township
Coshocton County
26714 Township Road 247
Newcomerstown, Ohio 43832

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Adams Township, Coshocton County, Ohio (the Township), 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

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 Cash Summary by Fund Report to the December 31, 2016 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2017 balances in the Cash Summary by Fund Report. We found no exceptions.
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 Cash Summary by Fund Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected all five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January through April bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

Property Taxes and Intergovernmental 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 Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We selected all three receipts from the State Distribution Transaction Lists (DTL) from 2018 and all four from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Audit Trail by Vendor Report from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We inspected the Receipt Detail Report 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 Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. There was new debt issuances, but there was no debt payment activity during 2018 or 2017.
3. We obtained a summary of bonded debt activity for 2018 and 2017 and noted no required principal or interest payments until 2019. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General Fund per the Receipt Detail Report. The amounts agreed. The Township did not properly record the proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code § 5705.09(E). The Township should have established a bond fund.
5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a tractor. We inspected the Payment Register Detail Report and observed the Township purchased a tractor in April 2018.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for the only four employees from 2017 from the employees' check stub and:
 - a. We compared the hours and pay rate, or salary recorded in the employees' check stub to supporting documentation (legislatively or statutorily-approved rate or salary). We found that all of the Trustees in 2018 were overpaid by \$3 for the pay periods tested. This resulted in two Trustees being overpaid by \$36 for the year and one being overpaid by \$30 for the year. In 2017, only one Trustee was over paid by \$3 and over paid by \$36 for the year.
 - 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 code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record as required by statute. See exceptions in procedure 4 below for no payroll certifications maintained for the Trustees paid from the Gasoline Tax Fund. We also confirmed the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in procedure 1, we inspected the employees' personnel file and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name.
 - b. Authorized salary or pay rate.
 - c. Department(s) and fund(s) to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above.

3. 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 observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	January 29, 2019	\$420	\$420
State income taxes	January 15, 2019	January 28, 2019	\$206	\$206
OPERS retirement	January 30, 2019	January 28, 2019	\$712	\$712

Payroll Cash Disbursements (Continued)

4. For the pay periods ended October 16, 2018 and May 16, 2017, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Funds per the Appropriation Payment Register. We found exceptions where two Trustees in 2018 and in 2017 were paid 100% from the Gasoline Tax Fund with no certifications maintained.

Ohio Rev. Code § 505.24 (C) sets forth the method by which Township Trustees' Compensation should be allocated. Trustee salary is required to be paid from the Township General Fund or from other Township funds in such proportions as the Board may specify by resolution. Each Trustee must certify the percentage of time spent working on matters to be paid from the Township General Fund and from other Township funds in such proportions as the kind of services performed. Auditor of State Bulletin 2013-002 further clarified that townships were not permitted to allocate 100 percent of officials' salaries to restricted funds. Township officials are required to attend board meetings, and such activities supporting the general business of the Township must be all allocated to the General Fund. In 2018 and 2017, no payroll certifications were prepared and a resolution was not approved detailing the percent paid by fund for the Trustees' salaries. The Fiscal Officer paid two of the three Trustees, in 2018 and 2017, 100% from the Gasoline Tax Fund. Monthly certifications, along with an approved Resolution outlining the percent to be paid by fund, need to be approved and maintained. For these two Trustees, \$19,924 and \$18,008 for 2018 and 2017, respectively, should have been paid from the General Fund instead of the Gasoline Tax Fund for the entire salary for 2018 and 2017. This total adjustment of \$37,932 was agreed to by management and was posted to the Township's ledgers.

5. For the pay periods described in the preceding procedure, two of the Trustees were paid from the Gasoline Tax Fund with no supporting certifications the Revised Code requires. See procedure 4 above for the exceptions.
6. We inquired of management and inspected the Payment Register Detail Report 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. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations, however, the health insurance reimbursements for the Fiscal Officer and the Trustees were paid from the Gasoline Tax Fund instead of the General Fund in the amounts of \$11,644 in 2018 and \$11,851 in 2017. The salaries of the Fiscal Officer and one of the Trustees were paid 100% from the General Fund, therefore, their health insurance reimbursement should have followed the fund in which the salary was paid from. In addition, since the other two Trustees salaries were not supported by payroll certifications as noted in #4 above and these salaries were adjusted from the Gasoline Tax Fund to the General Fund, then the health insurance reimbursements should also be paid from the General Fund instead of the Gasoline Tax Fund. This resulted in a total adjustment for both years of \$23,495. This adjustment was agreed to and posted to the Township's ledgers.

Non-Payroll Cash Disbursements

We selected a sample (agreed upon) of 10 disbursements from the Payment Register Detail Report 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 Payment Register Detail Report 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.

Non-Payroll Cash Disbursements (Continued)

- 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 two instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code § 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 § 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Special Levy - Fire Funds for the years ended December 31, 2018 and 2017. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Gasoline Tax Funds. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Gasoline Tax Funds of \$62,461 and \$90,214, respectively for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$62,506 and \$90,079, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Gasoline Tax and Road and 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 § 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Gasoline Tax, and Special Levy – Road Equipment Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code §§ 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Motor Vehicle License Tax and Permissive Motor Vehicle License Tax Funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Motor Vehicle License Tax and Permissive Motor Vehicle License Tax Funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Detail Report 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 § 5705.09 would require the Township to establish a new fund.

Compliance – Budgetary (Continued)

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 funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code §§ 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which § 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13 or 5705.132. The Township did not establish these reserves.

We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish a contingency, not designated for any particular purpose (contingency reserve balance - spending reserve) permitted by Ohio Rev. Code § 5705.29(A)(1). 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 § 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 Payment Register Detail Report 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 § 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 § 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. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. We inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code § 507.12. Fiscal Officer obtained the required training.

Other Compliance (Continued)

3. For all credit card accounts we obtained:
 - a list of all credit card account transactions.
- a. We selected 3 credit card transactions for testing. For selected transactions, we inspected documentation to determine that:
 - i. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 19, 2019

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OHIO AUDITOR OF STATE KEITH FABER



ADAMS TOWNSHIP

COSHOCTON 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 5, 2019**