



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Claibourne Township
Union County
30498 State Route 37
Richwood, OH 43344

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Claibourne Township, Union 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, 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 responsibility of the parties specified in this report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We recalculated the December 31, 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 Summary by Fund Report to the December 31, 2014 balances documented in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Status Report to the December 31, 2015 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, 2016 and 2015 fund cash balances reported in the Cash Summary by Fund Reports. 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.

Cash and Investments (Continued)

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 and Intergovernmental 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 Revenue Leger Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to confirm the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Revenue Ledger Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2016 and 2015. We also haphazardly selected five receipts from the Union County Monthly Distribution Report from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
 - b. We inspected the Revenue Ledger Report to determine that these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following promissory note was outstanding as of December 31, 2014. This amount agreed to the Township's January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
Cemetery Garage Promissory Note	\$38,620

We further noted Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Townships can only obtain debt by issuing general obligation debt or lease-purchase options. Townships do not have authority to take out a bank loan because "bank loans" are not a statutorily permitted form of debt for townships. However, Townships have the authority to issue securities under Ohio Rev. Code Chapter 133.

Debt (Continued)

Townships may not obtain debt by solely collateralizing equipment or property but must pledge the full faith and credit of the township as outlined under Ohio Rev. Code § 5549.021, the exception being securing equipment by lease-purchase option under Ohio Rev. Code §505.267. The Township has a promissory note through Richwood Bank in the amount of \$40,000 for a cemetery garage. This type of debt is not authorized under Ohio Rev. Code Chapter 133. The Township should contact its statutory legal counsel before incurring future debt to ensure the debt is a form authorized by the Ohio Revised Code.

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. There were no new debt issuances during 2016 or 2015. All debt payment activity agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to debt service payments reported in the Payment Register Detail Report. We also compared the date that the debt service payments were due to the date the Township made the payments. We found that the Township paid an extra \$35.66 in principal on each monthly payment in 2015 and an extra \$35.66 in principal on two monthly payments and an extra \$85.66 on 5 monthly payments in 2016. The Township paid the remaining balance of the promissory note in July 2016.

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 Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. 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 or as required by statute. 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 determine whether 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 noted 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, 2017	January 18, 2017	\$1,242.18	\$1,242.18
State Income Taxes	January 31, 2017	January 18, 2017	\$242.75	\$242.75
OPERS Retirement	January 31, 2017	December 21, 2016	\$1,194.34	\$1,194.34
School District	January 31, 2017	January 18, 2017	\$159.25	\$159.25

Payroll Cash Disbursements (Continued)

3. For the pay periods ended June 15, 2016 and July 15, 2015 we recomputed the allocation of the Board's salaries to the General, Cemetery, and Gasoline Tax funds per the Employee Detail Adjustment Report. We found for the June 15, 2016 pay, the gross pay for Trustee Jeff Swartz (\$611) was allocated to the General and Gasoline Tax funds based on Trustee Joseph Wiley's certification and the gross pay for Joseph Wiley (\$611) was allocated to the General, Gasoline Tax, and Cemetery funds based on Trustee Jeff Swartz's certification. The Fiscal Officer should ensure that payroll is allocated to funds according to payroll certifications filled out each pay period. Because we did not inspect all certifications, our report provides not assurance whether or not additional similar errors occurred.
4. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found for the June 15, 2016 pay, the gross pay for Trustee Jeff Swartz (\$611) was allocated to the General and Gasoline Tax funds based on Trustee Joseph Wiley's certification and the gross pay for Joseph Wiley (\$611) was allocated to the General, Gasoline Tax, and Cemetery funds based on Trustee Jeff Swartz's certification. The Fiscal Officer should ensure that payroll is allocated to funds according to payroll certifications filled out each pay period. Because we did not inspect all certifications, our report provides not assurance whether or not additional similar errors occurred.
5. We inquired with management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if the township employees and/or trustees were reimbursed for out of pocket insurance premiums. No such reimbursements occurred.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report 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 for check number 6112 dated 10/21/15, the amount paid (\$144.57) did not agree to the invoice amount (\$94.57). The Township should ensure that all checks paid to vendors agree to the requested amount per supporting documentation. Because we did not inspect all disbursements, our report provides not assurance whether or not additional similar errors occurred.
- 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 for check number 6112 dated 10/21/15, the amount paid (\$144.57) did not agree to the invoice amount (\$94.57). The Township should ensure that all checks paid to vendors agree to the requested amount per supporting documentation. Because we did not inspect all disbursements, our report provides not assurance whether or not additional similar errors occurred.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax, and Cemetery funds for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amounts recorded in the accounting system, except for the General Fund in both 2016 and 2015. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$21,875 and \$32,091 in 2016 and 2015, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$386,642 and \$26,225 in 2016 and 2015, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded in 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, Gasoline Tax and Cemetery funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2016 and 2015 for the following funds: General, Gasoline Tax and Cemetery. The amounts on the appropriation resolution agreed to the amounts recorded in the accounting system, except the General Fund in 2016 and the General and Cemetery funds in 2015. The Appropriation Status Report recorded appropriations for the General Fund of \$164,720 in 2016 and appropriations for the General and Cemetery funds of \$108,165 and \$134,850, respectively, in 2015. However, the final appropriation resolution reflected \$116,720 for the General Fund in 2016 and reflected \$106,165 and \$134,950 for the General and Cemetery funds, respectively, in 2015. The Fiscal Officer should compare amounts recorded in the Appropriation Status Report to amounts approved in the Appropriation Resolution to assure they agree. If the amounts do not agree, the trustees may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Cemetery funds 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, Gasoline Tax and Cemetery funds, as recorded in the Appropriation Status Report. 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 Receipt Register Report 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.

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 required funds are established and no funds for which the statutorily approved purpose was no longer valid were included in the accounting records.
8. We inspected the 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$100 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 Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report 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

Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. 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, 2016 and 2015 in the Hinkle system. There were 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, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

September 7, 2017

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CLAIBOURNE TOWNSHIP

UNION 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
OCTOBER 24, 2017**