



Dave Yost • Auditor of State



**SUGARCREEK TOWNSHIP  
TUSCARAWAS COUNTY**

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

Sugarcreek Township  
Tuscarawas County  
225 Rhine Street  
Sugarcreek, Ohio 44681

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Sugarcreek Township, Tuscarawas 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, 2017 and 2016 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, 2017 and 2016 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, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the prior year documentation in the prior year Agreed-UpOn Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 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, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 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, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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.

### **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 2017 and one from 2016:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We inspected the Revenue Ledger Report to confirm the receipt was allocated to the proper fund as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Revenue Ledger 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 2017 and 2016. The Revenue Ledger Report included the proper number of tax receipts for each year.
3. We haphazardly selected all four receipts from the State Distribution Transaction Lists (DTL) from 2017 and all four from 2016. We also haphazardly selected five receipts from the County Auditor's Expenditure Transaction History Report from 2017 and five from 2016.
  - 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 funds. We noted that property tax reimbursement revenue for Manufactured Homes received in 2017 from the State of Ohio was improperly posted resulting in the overstatement of the General Fund balance in the amount of \$34. The Road and Bridge fund balance was determined to be understated by \$34. Additionally, property tax reimbursement revenue for manufactured homes received in 2016 from the State of Ohio was improperly posted resulting in the understatement of the Road & Bridge Fund balance in the amount of \$14. The Fire and Ambulance Fund balance was determined to be overstated by \$14.
  - 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 agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2015.
2. We inquired of management, and inspected the Revenue Ledger Report and Appropriation Ledger Report for evidence of debt issued during 2017 or 2017 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained the lease agreement approved during 2016 for the purchase of an excavator. We agreed the principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Payment Register Detail Report. We found no exceptions. We also compared the date the debt service payments were due based on the agreement to the date the Township made the payments. We noted the Township paid the lease payment one month later than the date specified in the agreement.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the manual Payroll Record Report and:

**Payroll Cash Disbursements (Continued)**

- a. We compared the hours and pay rate, or salary recorded in the manual Payroll Record Report 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 Record Report and minute record or as required by statute. 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 files 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 and funds 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, 2017 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 2017. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	1/31/18	1/16/18	\$1,289	\$1,289
State income taxes	1/15/18	1/13/18	\$289	\$289
Local income tax	1/31/18	1/16/18	\$118	\$118
OPERS retirement	1/30/2018	1/16/18	\$2,131	\$2,131

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the manual Payroll Record Report for 2016:
  - a. Accumulated leave records.
  - b. The employee's pay rate in effect as of the termination date.
  - c. The Township's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 to determine if 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, 2017 and ten from the year ended 2016 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.
- d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

### Compliance – Budgetary

1. 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 Cemetery Funds for the years ended December 31, 2017 and 2016. The amounts on the *Certificate did not* agree to the amount recorded in the accounting system, except for the Gasoline Tax Fund in 2017 and the General Fund in 2016. For 2017, the Revenue Status Report recorded budgeted (i.e., certified) resources of \$139,513 and \$36,910 for the General and Cemetery Funds, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$119,124 and \$37,000, respectively. For 2016, the Revenue Status Report recorded budgeted (i.e., certified) resources of \$85,040 and \$48,015 for the Gasoline Tax and Cemetery Funds, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$85,015 and \$43,315, 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 2017 and 2016 to determine whether, for the General, Motor Vehicle License 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 2017 and 2016 for the following funds: General, Road and Bridge, and Fire and Ambulance. 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, Road and Bridge and Fire and Ambulance Funds for the years ended December 31, 2017 and 2016. Road and Bridge Fund appropriations for 2017 exceeded certified resources by \$963, contrary to Ohio Rev. Code § 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.



### **Compliance – Budgetary (Continued)**

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, 2017 and 2016 for the General, Road and Bridge, and Fire and Ambulance 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 Revenue Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. 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.
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. However, Fund 2901 Miscellaneous Special Revenue, Fund 3902 Miscellaneous Debt Service, and Funds 9501 and 9502 Investment Trust Funds were still included on the Township's accounting records while the funds statutorily approved purpose was no longer valid. As the purpose for these funds is no longer valid, they should be removed from the accounting records.
8. We inspected the Appropriation Ledger Report for the Cemetery Endowment and Mausoleum Trust Funds. Not more than 5% of non-spendable monies were released, spent, or otherwise modified during the engagement period. No exceptions were noted.
9. We inspected the 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10 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.)
10. 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. The Township did not establish these reserves.
11. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 for negative cash fund balances. Ohio Rev. Code § 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balance.

### **Compliance – Contracts & Expenditures**

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 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 § 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, 2017 and 2016 in the Hinkle system. There were no exceptions.
2. We inquired of the Fiscal Officer and 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. While we noted that certificates of completion were maintained by the Fiscal Officer for Public Records Training and the Local Government Officials Conference earned in 2016, we noted that Fiscal Officer did not enter the hours earned into the Fiscal Integrity Act Portal. Therefore, we were unable to determine the training hours that have been earned by the Fiscal Officer for his term beginning April 1, 2016.

The Township has responded to the debt issue discussed in this report. You may obtain a copy of their response from Stanley Gerber, Fiscal Officer.

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, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 3, 2018



# Dave Yost • Auditor of State

**SUGARCREEK TOWNSHIP**

**TUSCARAWAS 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  
APRIL 19, 2018**