



Dave Yost • Auditor of State



UNION TOWNSHIP  
BELMONT COUNTY

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# Dave Yost • Auditor of State

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

Union Township  
Belmont County  
P.O. Box 1  
101 Memory Lane  
Morristown, Ohio 43759

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Union Township, Belmont County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Townships 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 and Investments

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 Cash Summary by Fund Report to the December 31, 2015 balances in the 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 Cash Summary by Fund 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 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, 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.

### Cash and Investments (Continued)

6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2017 bank reconciliation:
  - a. We could not trace the credit to a subsequent bank statement due to the fact that the Fiscal Officer recorded a receipt twice. We brought this item to management's attention. The Township's Fiscal Officer made an adjustment in the Township's ledgers in the amount of \$313.97 to correct this recording error.
  - b. We agreed the credit amount to the Receipt Detail Report; however, see a.
7. We inspected investments held at December 31, 2017 and December 31, 2016 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code §§ 135.13 or 135.14. We noted no exceptions.

### Property Taxes and Intergovernmental 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 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 and two manufactured homes tax receipts for 2017 and 2016. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the County Auditor's Cross Reference Report by Vendor Number 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 found four exceptions in 2017. Two State Fire Marshall Grants in the amounts of \$10,000 and \$3,600 were posted to the General fund, however, they should have been posted to a separate fund. A First Half Real Estate Settlement of homestead and rollback in the amount of \$15,567.59 was posted entirely to the General Fund; however it should have been allocated to the General, Road and Bridge, Fire District A, Special Levy - EMS - B, Special Levy - EMS - C, and Fire District - D Funds in the amounts of \$2,361.01, \$6,663.32, \$1,328.81, \$1,391.06, \$697.35, and \$3,126.04, respectively. A Second Half Manufactured Homes Settlement in the amount of \$284.25 was posted to entirely to the General Fund; however, it should have been allocated to the General, Road and Bridge, Fire District A, Special Levy - EMS - B, Special Levy - EMS - C, and Fire District - D Funds in the amounts of \$45.31, \$121.62, \$23.83, \$24.94, \$12.51, and \$56.04, respectively. We brought these items to management's attention. They corrected the above fund balances for the settlement items. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

**Property Taxes and Intergovernmental Cash Receipts (Continued)**

- c. We inspected the Receipt Detail 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 note was outstanding as of December 31, 2015. This amount agreed to the Township's January 1, 2016 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
Promissory Note – The Citizens National Bank	\$13,042.60

- 2. We inquired of management, and inspected the Revenue Receipt Registers and Payment Register Detail Reports for evidence of debt issued during 2017 and 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
- 3. We obtained a summary of notes and leases debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to General and Road and Bridge Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service 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 2017 and one payroll check for five employees from 2016 from the Wages and Overtime Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wages and Overtime Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. 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 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, 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:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	1/31/2018	12/29/2017	\$1,747.68	\$1,747.68
State income taxes	1/15/2018	1/3/2018	\$482.22	\$482.22
OPERS retirement	1/30/2018	1/2/2018	\$2,680.93	\$2,680.93

- 3. We inquired of management and inspected the Payment Listing 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 Listing 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 Listing 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). In 2016, we found one instance 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, Motor Vehicle License Tax, and Road and Bridge Funds for the years ended December 31, 2017 and 2016. The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the General Fund in 2017 and 2016. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$55,000 for 2017 and \$150,223 for 2016; however, the final Amended Official Certificate of Estimated Resources reflected \$90,654 and \$182,064, respectively in 2017 and 2016. 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 Gasoline Tax 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 District A Funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report for any funds tested. For 2017, the Appropriation Status Report recorded appropriations for the General, Road and Bridge, and Fire District A Funds of \$275,550; \$195,430; and \$38,465, respectively. However, the Appropriation Resolutions reflected \$206,535; \$109,400; and \$23,455 for the General, Road and Bridge, and Fire District A Funds, respectively. In 2016, the Appropriation Status Report recorded appropriations for the General, Road and Bridge, and Fire District A Funds of \$262,412; \$132,107; and \$26,480, respectively. However, the Appropriation Resolutions reflected \$206,589; \$126,050; and \$19,480 for the General, Road and Bridge, and Fire District A Funds, respectively.



**Compliance – Budgetary (Continued)**

4. Ohio Rev. Code §§ 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road and Bridge and Fire District - D Funds for the years ended December 31, 2017 and 2016. 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, 2017 and 2016 for the General, Motor Vehicle License Tax and Fire District - A Funds, as recorded in the Appropriation Status Report. Expenditures for 2017 exceeded total appropriations in the General, Motor Vehicle License Tax, and Fire District - A Funds, by \$7,619, \$2,750, and \$14,028, contrary to Ohio Rev. Code § 5705.41(B). Expenditures for 2016 exceeded total appropriations in the Fire District - A Fund by \$5,298, contrary to Ohio Rev. Code § 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
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, 2017 and 2016. We also inquired of management regarding whether the Township received new restricted receipts. We noted the Township received two restricted State Fire Marshall Grants in 2017, but did not establish a separate 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 were included on the accounting records.
8. We inspected the Appropriation Ledger Report for the Cemetery Bequest Fund. Not more than 5% of non-spendable monies were released, spent, or otherwise modified during the engagement period.
9. We inspected the 2017 and 2016 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).
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 or 5705.132. 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 § 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 § 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.

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 24, 2018



# Dave Yost • Auditor of State

UNION 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  
MAY 10, 2018