



OHIO AUDITOR OF STATE
KEITH FABER



**SENECA TOWNSHIP
NOBLE COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Seneca Township
Noble County
54585 Opossum Run Road
Senecaville, Ohio 43780

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Seneca Township, Noble 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 Fund Ledger Report to the December 31, 2016 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, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 balances in the Fund Ledger 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 Fund Status Report. The Township's bank reconciliations at December 31, 2018 and 2017 included an "other adjusting factor" in the amount of \$151.46 and \$155.21, respectively. The "other adjusting factor" is interest earned on an old closed investment account balance that was never posted to the accounting system. This reconciling amount should be posted to the accounting system and removed from the monthly reconciliation.
4. We confirmed the December 31, 2018 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.

Cash (Continued)

5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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. We did note that one outstanding check was dated May 26, 2016, in the amount of \$70, that should be voided and/or placed in unclaimed monies.

Property Taxes and Intergovernmental Cash 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 Revenue Receipt Register Report. The amounts agreed.
 - b. We inspected the Revenue Receipt Register 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 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Revenue Receipt Register Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2018 and all from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Transaction History Report from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Receipt Register Report. The amounts agreed.
 - b. We inspected the Revenue Receipt Register Report to determine that these receipts were allocated to the proper funds. We found three receipts in 2018 and three receipts in 2017 for homestead and rollback revenues that were recorded to the proper fund; however, the receipts were not recorded to the proper receipt account. The receipt transactions were posted to Taxes instead of Intergovernmental receipts.
 - c. We inspected the Revenue Receipt Register 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, 2016. These amounts agreed to the Township's January 1, 2017 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
2014 Dodge RAM Promissory Note	\$51,105

2. We inquired of management, and inspected the Revenue Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017.

Debt (Continued)

We found the Township signed promissory notes with a local bank to purchase a 2017 Dodge Ram for \$74,680 in 2017 and to purchase a 2014 Dodge Ram for \$61,165 in 2015. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133. Both notes had outstanding balances at December 31, 2018.

2. We obtained a summary of note debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to Gasoline Tax Fund payments reported in the Payment Register Detail Report. No exceptions noted.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General fund per the Revenue Receipt Register Report. The amounts agreed.
4. For new debt issued during 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a pickup truck. We inspected the Payment Register Detail Report and observed the Township purchased a pickup truck in December of 2017.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage Withholdings Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Withholdings 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. For any new employees selected in procedure 1 we inspected the employees' personnel files 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 fund 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:

Payroll Cash Disbursements (Continued)

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	December 27, 2018	\$284.82	\$284.82
State income taxes	January 15, 2019	January 21, 2019	\$448.27	\$448.27
OPERS retirement	January 30, 2019	December 27, 2018	\$842.38	\$842.38

4. For the pay periods ended August 31, 2018 and August 31, 2017, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Funds per the Wage Withholdings Detail Report. We found no exceptions.
5. For the pay periods described in the preceding procedure, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no 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. At the year-end meeting on December 28, 2017, the Township passed Resolution #116 to provide/offer insurance coverage to elected officials. The Township Resolution failed to document whether the Township was going to follow Ohio Rev. Code § 505.60 or § 505.601. With the assistance of Noble County Prosecutor, the Township amended the Resolution to document the Township's intention to follow Ohio Rev. Code § 505.601.

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.
- 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, Motor Vehicle License Tax and Gasoline Tax 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 Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$189,680 for 2017.

Compliance – Budgetary (Continued)

1. However, the final *Amended Official Certificate of Estimated Resources* reflected \$200,000. 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, 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 2018 and 2017 for the following funds: General, Motor Vehicle License Tax and Gasoline Tax. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report except for the General Fund. The Appropriation Status Report recorded appropriations for the General Fund of \$244,025 for 2017. However, the appropriation resolutions reflected \$254,345. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved by the Trustees 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 §§ 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 Gasoline 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 Gasoline 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 Register 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.
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 exceeding \$500 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).

Compliance – Budgetary (Continued)

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. 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(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 balances.

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

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.

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 State *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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2019

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OHIO AUDITOR OF STATE
KEITH FABER



SENECA TOWNSHIP

NOBLE 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 17, 2019**