



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Huntington Township
Lorain County
45955 State Route 162
Wellington, OH 44090

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Huntington Township, Lorain County, Ohio, (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. 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. 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 tested the mathematical accuracy of the December 31, 2015 and the December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the prior year audited financial statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 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, 2015 and the December 31, 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2015 and the December 31, 2014 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, 2015 and the December 31, 2014 bank reconciliations without exception.

Cash and Investments (continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 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 Payment Register Detail Report, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2015 and December 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2015 and December 31, 2014 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, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Export Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Export Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Export 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 2015 and all three receipts from 2014.
 - a. We compared the amount from the above report to the amount recorded in the Receipt Export Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (continued)

4. We confirmed the amounts paid from Lorain County and the Ohio Public Works Commission to the Township during 2015 and 2014. We noted no exceptions.
 - a. We determined whether these receipts were allocated to the proper funds. We noted \$257 of motor vehicle license tax revenue was incorrectly recorded in the general fund instead of the motor vehicle license tax fund. We found no other exceptions. The Township should review all transactions to help ensure proper fund and account classification, as well as proper financial statement presentation.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

1. We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2015 and 10 over-the-counter cash receipts from the year ended 2014 recorded in Receipt Export Report, and determined whether the:
 - a. Receipt amount agreed to the amount recorded in the Recycling Receipt Log or to the supporting documentation (zoning and rental receipts). We noted 2 recycling receipt postings for 2015 and 6 recycling receipt postings for 2014 did not agree to the Recycling Receipt Log for the respective time period. Because we did not test all over-the-counter receipts, our report provides no assurance whether or not additional similar errors occurred. The Township should also maintain duplicate receipt books for all over-the-counter receipts and these duplicate receipts should be reconciled to the receipts posted in the accounting system to help ensure the accuracy of receipt postings.
 - b. Amount charged complied with rates in force during the period. We noted no detailed supporting documentation for amounts charged for 6 of the 10 receipts from 2015, and 7 of the 10 receipts from 2014. Because we did not test all over-the-counter receipts, our report provides no assurance whether or not documentation was maintained for other over-the-counter receipts. The Township should maintain detailed supporting documentation to ensure amounts collected agree to approved rates.
 - c. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we noted the following purchase agreement outstanding as of December 31, 2013. This amount agreed to the Township's January 1, 2014 balances on the summary we used in step 3.

<u>Issue</u>	<u>Principal outstanding as of December 31, 2013:</u>
Truck Installment Purchase Agreement	\$50,128

2. We inquired of management, and scanned the Receipt Export Report and Payment Export Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of the purchase agreement debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedule to Road and Bridge Fund payments reported in the Payment Export 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 2015 and one payroll check for five employees from 2014 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 determined whether the fund and account codes to which the check was posted were reasonable based on the employees' job title or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Departments 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

We found no exceptions related to steps a. – e. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 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 2015. We noted the following:

Withholding (plus employer share, where applicable)	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Due</u>	<u>Amount Paid</u>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2016	January 8, 2016	\$1,078.66	\$1,078.66
State income taxes	January 15, 2016	January 2, 2016	146.51	146.51
OPERS retirement	January 30, 2016	January 2, 2016	2,020.82	2,020.81

4. We inquired of management and scanned the Wage Detail Report for the years ended December 31, 2015 and 2014 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.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Export Report for the year ended December 31, 2015 and ten from the year ended December 31, 2014 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 Section 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 Section 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 test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred. The Township should ensure all disbursements are certified at the time of commitment or issue a Then and Now Certificate prior to expending monies.

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 Recycling Grant funds for the years ended December 31, 2015 and 2014. The amounts agreed.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Gasoline Tax and Recycling 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 2015 and 2014 for the following funds: General, Gasoline Tax, and Recycling funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
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 Recycling funds for the years ended December 31, 2015 and 2014. We noted 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, 2015 and 2014 for the General, Gasoline Tax and Recycling funds. We noted no funds for which expenditures exceeded appropriations.

Compliance – Budgetary (continued)

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Export Report for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the Grant Storm Water District Fund (4901) during 2014 and the Grant Storm Water Phase II Fund (4902) during 2015 to segregate receipts and disbursements for Lorain County Storm Water District Grants in compliance with Section 5705.09. The Township also established the Capital Project – Equipment Fund (4903) during 2015 in compliance with Ohio Rev. Code Section 5705.13(C).
7. We scanned the 2015 and 2014 Interfund Transfers Listing Reports for evidence of interfund transfers 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.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township established the Capital Project – Equipment fund in 2015 to accumulate resources for the acquisition of fixed assets for the road department. Monies are to be transferred from the Road and Bridge fund for period of time not to exceed ten years as permitted by law.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 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 formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Township filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, the Board of Trustees, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 15, 2016

This page intentionally left blank.



Dave Yost • Auditor of State

HUNTINGTON TOWNSHIP

LORAIN 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 4, 2016**