
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

CHARLESTOWN TOWNSHIP

PORTAGE COUNTY, OHIO

AGREED – UPON PROCEDURES

For the Years Ended

December 31, 2017 and 2016

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Dave Yost • Auditor of State

Board of Trustees
Charlestown Township
5735 Newton Falls Road
Ravenna, Ohio 44266

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Charlestown Township, Portage County, prepared by Alger & Associates, Inc., for the period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

During 2017, Ruth Craft, Township Fiscal Officer, paid herself \$18,717 but the prorated amount of salary based on the Townships budget should have been \$18,198, thus an overpayment of \$519 occurred.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ruth Craft, Township fiscal officer, in the amount of \$519 and in favor of Charlestown Township.

The Finding for Recovery was resolved on 7/20/18.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Charlestown Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 27, 2018



ALGER & ASSOCIATES, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Charlestown Township
Portage County
5735 Newton Falls Road
Ravenna, Ohio 44266

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Charlestown Township (the Township) and the Auditor of State, 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 Fund Ledger Report to the December 31, 2015 balances in the prior year audited statements. 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 Fund Ledger 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 Ledger Report. The amounts agreed.
4. We confirmed the December 31, 2017 and December 31, 2016 bank account balances with the Township's financial institutions. We found no exceptions. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 and December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 and five reconciling debits haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. Ten stale-dated checks dating back to July 2009 through December, 2015 should be reviewed by the Township to determine if they are still the obligations of the Township or if the monies should be reverted back to the Township's general fund in accordance with Ohio Rev. Code Section 9.39.
 - 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.
6. 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 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 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 Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to confirm 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 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Register 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 Vendor History Report from 2017 and five from 2016.
 - a. We compared the amount from the above report to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2015.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances, nor any debt payment activity during 2017 or 2016.

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 Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary. We found the Fiscal Officer was underpaid \$212.25 for 2016 and overpaid \$519 for 2017 total of \$306.75 overpaid. One Trustee was under \$514.04 for 2016 and overpaid \$146.40 for 2017 for a total underpayment of \$367.64. Two Trustees were over paid \$213.96 for 2017. This was mainly due to the error in the amount of estimated resources filed with the County Auditor being corrected with the second filing two months later. We brought this to management's attention, and they will adjust the future payments to the officials. Because we did not compare all timecards, our report provides no assurance whether or not other similar errors occurred.
 - 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 and 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 (and social security, for employees not enrolled in pension system)	January 31, 2018	March 28, 2018	\$2,641.88	\$2,641.88
State income taxes	January 15, 2018		\$751.18	-0-
OPERS retirement	January 30, 2018	December 29, 2017	\$1,758.96	\$1,758.96

As noted above, as of the date of this report, the Township has not paid State Income Taxes for the amount due as required.

Ohio Withholding Tax Returns: Effective Jan. 1, 2015, in accordance with Ohio Administrative Code rule 5703-7-19, employers are required to file state and school district income tax withholding returns and make payment of the withheld taxes through the Ohio Business Gateway (OBG) at business.ohio.gov.

The payment for employer income tax withholding shall be made electronically using Ohio business gateway as defined in section 718.051 of the Revised Code, by the manner prescribed by rules adopted by the treasurer of state under section 113.061 of the Revised Code, or by any other electronic means prescribed by the commissioner. Ohio IT 3 must be filed by the last day of January of the succeeding calendar year or within 60 days after discontinuation of business.

We recommend the Township contact the Ohio Department of Taxation in order to determine what if any penalties will apply for the late payment.

3. 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

1. 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 Section 5705.41(D). We found fourteen instances where disbursements requiring certification were not certified and four 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 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 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, 2017 and 2016. The amounts agreed.
2. We inspected the appropriation measures adopted for 2017 and 2016 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 2017 and 2016 for the following funds: General, Gasoline Tax and Cemetery. 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 Cemetery funds for the years ended December 31, 2017 and 2016. 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, 2017 and 2016 for the General, Gasoline Tax and Cemetery fund, 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, 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 Section 5705.09 would require the Township to establish a new 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 Private-Purpose Trust Fund. 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 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 or Court of Common Pleas.
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 Section 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 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, 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 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, 2017 and 2016 in the Hinkle system.

For calendar year ending December 31, 2017, the financial statements were filed on February 19, 2018 within the due date of March 1, 2018 however the footnotes were not included as required. The complete financial information including financial statements and the notes to the financial statements were filed on May 21, 2018 in the Hinkle System. For calendar year ending December 31, 2016, the financial statements were filed on March 6, 2017 past the due date of March 1, 2017. The complete financial information including the financial statements and the notes to the financial statements were filed on May 21, 2018 in the Hinkle System.

2. We inquired of the fiscal officer **and/or** 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 Section 507.12 and 733.81. Fiscal Officer had not obtained the required training.

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.

Alger and

Associates Inc

Digitally signed by Alger and Associates Inc
DN: cn=Alger and Associates Inc, o,
ou, email=ksalger46@att.net, c=US
Date: 2018.06.08 14:26:41 -0400

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

June 4, 2018

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Dave Yost • Auditor of State

CHARLESTOWN TOWNSHIP

PORTAGE 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, 6 2018**