



Certified Public Accountants, A.C.

**SWAN TOWNSHIP
VINTON COUNTY
Agreed-Upon Procedures
For Years Ended December 31, 2017 and 2016**

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St.,
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Wheeling, WV 26003
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Cambridge, OH 43725
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Dave Yost • Auditor of State

Board of Trustees
Swan Township
23290 Locust Grove Road
Creola, OH 45622

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of Swan Township, Vinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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.

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. Swan 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

July 16, 2018

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SWAN TOWNSHIP
VINTON COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

May 18, 2018

Swan Township
Vinton County
23290 Locust Grove Rd.
Creola, OH 45622

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of **Swan Township**, Vinton County (the Township) and the Auditor of State, 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 Combined Statement of Receipts, Disbursements, and Changes in Fund Balances to the balances in the prior audited statements. We noted that fund balances did not agree due to a proposed adjustment not made by the Township from the previous audit. The Township has now posted these adjustments after we brought this to their attention. We also agreed the January 1, 2017 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances to the December 31, 2016 balances in in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances. We found no exceptions.

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Cash (Continued)

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 Combined Statement of Receipts, Disbursements, and Changes in Fund Balances. 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.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2017 bank reconciliation:
 - a. We traced each credit to the subsequent bank statement. We noted the only deposit in transit did not clear on a subsequent bank statement. After review and communication with management, we noted this was a duplicate receipt for \$3,223.40 that was mistakenly recorded. We proposed an adjustment to correct this error and the Township posted the adjustment to its accounting system.
 - b. We agreed the credit amount to the Revenue Ledger. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We inspected the Cash Journal to determine whether the Finding For Adjustment identified in the prior audit report, due from the General fund, payable to the Gasoline Tax fund, was properly posted to the report. We found no exceptions.

Property Taxes and Intergovernmental 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. The amounts agreed.
 - b. We inspected the Revenue Ledger to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. The amounts agreed. However, we determined that numerous Homestead and Rollback receipts were posted to Property and Other Local Taxes instead of Intergovernmental. We found no other exceptions.
 - c. We inspected the Revenue Ledger 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 to determine whether it included two real estate tax receipts for 2017 and 2016. The Revenue Ledger included the proper number of tax receipts for each year.

Property Taxes and Intergovernmental Receipts (Continued)

3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2017 and all from 2016. We also haphazardly selected five receipts from the Vinton County Auditor's Invoices Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We inspected the Revenue Ledger to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Revenue Ledger 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 Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. We found the Township signed a Commercial Promissory Note with a local bank to purchase a tractor in the amount of \$37,000 in 2016. Per Ohio Revised Code Chapter 133, this type of debt does not meet the criteria for debt allowed for the Township.
3. We obtained a summary of loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We noted the Township improperly allocated the principal portion of the loan payment to Gasoline Tax – Other Debt Service instead of allocating it to Gasoline Tax – Note Principal Payment.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Gasoline Tax fund per the Revenue Ledger. The Township did not record the debt proceeds or related capital outlay.
5. For new debt issued during 2017 and 2016, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a tractor. We noted the Township purchased a tractor, however did not record the loan proceeds and capital outlay disbursements to the accounting system.

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 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. However, we noted the Fiscal Officer was paid an additional \$161 on the last pay of the 2016 creating an overpayment for the year. The Fiscal Officer repaid an incorrectly calculated amount of \$328, causing an underpayment of \$167. The Fiscal Officer will be reimbursed for the underpayment.
 - b. We inspected the funds and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the Employee Information Sheets and inquiries with management. We also confirmed the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

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	December 28, 2017	\$ 388.57	\$ 388.57
State income taxes	January 31, 2018	January 2, 2018	\$ 245.59	\$ 245.59
OPERS retirement	January 31, 2018	December 28, 2017	\$ 1,045.94	\$ 1,045.94

3. For the pay periods ended April 30, 2017 and September 30, 2016, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Fund per the Wage Detail Report. We found no exceptions.
4. 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.
5. We inquired of management and inspected the Appropriation Ledger 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 Appropriation Ledger 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 Appropriation Ledger 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 no exceptions.

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 Reports for the General, Motor Vehicle License Tax, and Gasoline Tax 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 General Fund in 2017 and the Gasoline Tax Fund in 2016. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$97,717 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$95,934. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Gasoline Tax Fund of \$105,560 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$117,428. 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 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 Appropriations Status Report for 2017 and 2016 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax funds. The Appropriation Status Report recorded appropriations for the General Fund of \$126,494 for 2017 and \$106,544 for 2016. However, the final total appropriations reflected \$103,392 for 2017 and \$91,006 for 2016. The Appropriation Status Report recorded appropriations for the Motor Vehicle License Fund of \$21,164 for 2017 and \$16,992 for 2016. However, the final total appropriations reflected \$21,150 for 2017 and \$16,720 for 2016. The Appropriation Status Report recorded appropriations for the Gasoline Tax Fund of \$163,931 for 2017 and \$166,932 for 2016. However, the final total appropriations reflected \$163,815 for 2017 and \$166,873 for 2016.
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, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2017 and 2016. General Fund appropriations for 2017 exceeded certified resources by \$1,782, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
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, Motor Vehicle License Tax and Gasoline Tax funds, as recorded in the Appropriation Status Report. There were 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 inspected the Revenue Ledger 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 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 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 Plea.
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 Section 5705.13. The Township did not establish these reserves.
10. 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 (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 Appropriation Ledger 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 year ended December 31, 2017 in the Hinkle system. Financial information 2017 was filed timely. However, financial information for the year ended December 31, 2016 was filed on February 28, 2018 because the original filing did not include the notes to the financial statements as required.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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Dave Yost • Auditor of State

SWAN TOWNSHIP

VINTON 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
JULY 26, 2018