



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Columbia Township
Hamilton County
5686 Kenwood Road
Cincinnati, Ohio 45227

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Columbia Township (the Township), 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 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 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 Cash Summary by Fund Report. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed.
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 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. We also traced the advances noted on the Statement to 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 plus four advances 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 List (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the Hamilton County Auditor's Detail Transactions Subsidiary Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports 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.
4. We confirmed the amounts paid on behalf of the Township from the Ohio Public Works Commission during 2016 and 2017. We found no exceptions.
 - a. We inspected the Revenue Ledger to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We inspected the Revenue Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audited financial statements, we observed the following bonds were outstanding as of December 31, 2015. These amounts agreed to the Township's January 1, 2016 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
TIF Revenue Bond 2015	\$2,835,000
Special Obligation Revenue Bond 2013	\$970,000

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 and for debt payment activity during 2017 or 2016. There were no new debt issuances, nor any debt payment activity during 2017 or 2016.
3. We obtained a summary of bonded debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to the Columbia Medical Office Building TIF Fund and Cincinnati Belting and Transmission TIF Fund payments reported in the Appropriations Ledger. 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 Payroll Wage Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Wage Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary We found no exceptions
 - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. **Ohio Rev. Code §5705.10(H)** provides that money paid into a fund shall be used only for the purposes of such fund. Auditor of State Bulletin 2011-007 indicates other Township employees (non-elected officials) documentation is required where a Township compensates other township employees from funds other than the general fund. The documentation is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time spent during that pay period providing services related to each fund to be charged. For other Township employees tested, the Township provided a budgeted breakdown by fund and by employee for the upcoming year; however the Township did not provide detailed documentation to support hours spent providing services related to each fund to be charged. Failure to document hours spent could result in employees being paid from improper funds. If the employee is performing services directly benefiting a fund other than the General Fund, then payment of a portion of salaries and benefits may be permissible from such funds. We recommend employees paid from multiple funds submit bi-weekly payroll certification of hours for services performed.

Also, we noted two employees were reimbursed for clothing as allowed by the Township's clothing allowance policy. The reimbursements were incorrectly included as earnable wages as reported to the Ohio Public Employees Retirement System (Retirement System). Ohio Rev, Code § 145.01(R)(2) states, in part, that "earnable salary" does not include reimbursement for job-related expenses authorized by the employer. Failure to properly report earnable wages to the Retirement System could result in possible fines and penalties for the Township. We recommend that the Township consult the OPERS Employer Manual for reference.

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	January 3, 2018	\$2,316.97	\$2,316.97
State income taxes	January 15, 2018	January 5, 2018	1,386.77	1,386.77
Local income tax	January 15, 2018	January 8, 2018	356.77	356.77
OPERS retirement	January 30, 2018	January 3, 2018	14,114.37	14,114.37

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 no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Certificate of Estimated Resources required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Ledger for the General, Gasoline, and Road District 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. The Revenue Ledger recorded budgeted (i.e. certified) resources for the General Fund of \$1,205,160. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,202,368. In 2016, amounts on the *Certificate* agreed to the amount recorded in the accounting system except for the General and Gasoline Funds. In 2016, recorded amounts in the accounting system for the General Fund and Gasoline fund were \$1,190,044 and \$87,992, respectively. However, amounts on the *Certificate* for the General Fund and Gasoline funds were \$1,164,393 and \$87,792, respectively. 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, Garbage and Waste Disposal District, and Road District 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 Ledger for 2017 and 2016 for the following funds: General, Gasoline, and Road District. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriations Ledger.
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, and Road District 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, Police District, and Road District funds, as recorded in the Appropriation Summary 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. The Township established the Public Works Commission Project fund during 2016 to segregate these receipts and disbursements, in compliance with Section 5705.09.
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 \$10,000 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
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.

We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish a contingency, not designated for any particular purpose (contingency reserve balance - spending reserve) permitted by Ohio Rev. Code Section 5705.29(A)(1). 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 (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 year ended December 31, 2017 in the Hinkle system. The financial statements were filed prior the deadline; however the filing did not include the notes to the financial statements as required for the year ending December 31, 2016. The Township re-submitted financial information for the year ending December 31, 2016 to include notes to the financial statements on June 28, 2018.
2. We 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. We were unable to locate documentation of the previous or current fiscal officer receiving the required training.

Other Matters:

1. We inquired of management to determine the usage of the former Firehouse located at 6904 Murray Avenue for 2016 and 2017 including utility expenditures and/or reimbursements. We inspected related leases, property use agreements, and supporting materials as follows.

CUI Limited Lease:

- a. We inspected the Township meeting minutes for the approval of a lease agreement between the Township and CUI Limited effective January 1, 2017 and ending December 31, 2018. The lease agreement was not approved by the Board of Trustees; however as noted in step 1b below, the lease was signed by the Township Administrator. The Township provided communications and other information which substantiated the sensitive nature of the lease and the intended usage.
- b. We inspected the lease agreement for signatures of Township and CUI Limited officials. The lease was signed by the Township Administrator and the CEO of CUI Limited. We found no exceptions.
- c. We inspected the related lease payments received by the Township for 2017. We compared receipt amounts to the agreed upon lease rate for 2017. We found no exceptions.
- d. CUI Limited agreed to pay for utilities related to the leased premises including gas, electric and water. We haphazardly selected 2 months' worth of utility bills paid by the Township and inspected them for services provided to the leased location. We found no evidence that the Township paid for services at the leased location..

Cincinnati Flower Show Lease:

- e. We inquired of management regarding a property use agreement for the period February 2016 through April 2016 for use of the facility by an individual to construct and store displays related to the Cincinnati Flower Show. No formal agreement was made. We recommend for future arrangements, the Township Trustees and/or Administrator, as appropriate, formalize these agreements to protect the Township in the event of liability issues, etc.
 - f. We inspected the Township meeting minutes for the approval of the property use agreement. No formal action was noted. We recommend for future arrangements, the Township formalize these agreements to protect the Township in the event of liability issues, etc.
 - g. We selected all months' worth of electric utility payments related to this facility and compared them to reimbursements received by the Township for this time period. The Township was properly reimbursed for the utilities. We found no exceptions.
2. We inquired of management regarding the removal of a tree at 6810 Grace Avenue. We inspected the following:
 - a. Township Resolution 08-08, 2008, "Establishing a Comprehensive Street Tree Maintenance Program for Columbia Township" to determine if the tree removal was in accordance with the Resolution. We found no exceptions.
 - b. County Surveyor report of tree location stating the tree was in the right-of-way. We found no exceptions.

- c. Invoices pertaining to the tree removal to determine if the expenditures were for proper public purpose. We found no exceptions.
3. We inquired of management regarding snow removal and leaf and brush removal on undedicated Township roads and private property within the Township. We inspected the following:
 - a. Township Resolutions related to snow removal from undedicated Township roads to determine if snow removal was in accordance with these Resolutions. We found no exceptions.
 - b. Township Resolutions related to leaf and brush removal on undedicated Township roads and private property within the Township to determine if leaf and brush removal was in accordance with these Resolutions. We found no exceptions.
 - c. We obtained and inspected the legal opinion supporting the limited home rule government relating to the snow, leaf, and brush removal. We found no exceptions.
4. We inquired of management regarding the Township's public records policy and procedures;
 - a. To determine if it includes provisions to ensure compliance with Ohio Sunshine Laws, such as:
 - i. An employee or department responsible for public records requests. We noted no exceptions;
 - ii. A method to track public records requests received by date and the fulfillment of each request. We noted no exceptions;
 - iii. A policy regarding determination of records or portions of records which are not considered "public" that would be subject to redaction/withholding. We noted no exceptions;
 - iv. A policy regarding the length of time and method that specific types of records are maintained. We noted no exceptions;
 - v. The method of providing requested records (email, paper copies, etc.) and the cost charged to provide the record, if applicable. We noted no exceptions.
 - b. To observe and inspect documentation/records required to be maintained by the township in tracking or documenting compliance with public records laws pursuant to the entity's policy and select a sample of public records requests to ensure the township is complying with its public records policy and public records laws. We noted no exceptions.

The Township has responded to issues discussed in this report. You may obtain a copy of their response from Michael Lemon, Township Administrator at (513) 561-6046.

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.

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

December 21, 2018

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COLUMBIA TOWNSHIP

HAMILTON 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
JANUARY 8, 2019**