

HUNTSBURG TOWNSHIP

GEAUGA COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 31, 2017 and 2016





Dave Yost • Auditor of State

Board of Trustees
Huntsburg Township
PO Box 280
Huntsburg, Ohio 44046

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Huntsburg Township, Geauga County, prepared by Charles E. Harris & 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.

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. The Huntsburg 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

June 27, 2018

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**HUNTSBURG TOWNSHIP
GEAUGA COUNTY
For the Years Ended December 31, 2017 and 2016**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Huntsburg Township
Geauga County
P.O. Box 280
Huntsburg, Ohio 44046

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Huntsburg Township, Geauga 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 Cash Journal to the December 31, 2015 balances in the prior year audited statements. An exception was noted, as the General Fund balance was off by \$138 due to voided checks. We also agreed the January 1, 2017 beginning fund balances recorded in the Cash Journal to the December 31, 2016 balances in the Balance Sheet. 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 Balance Sheets. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the observed 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. We noted no exceptions.

Property Taxes and Intergovernmental 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 three (all) receipts from the State Distribution Transaction Lists (DTL) from 2017 and three (all) from 2016. We also haphazardly selected five receipts from the County Auditor's Vendor Invoice Lists from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Ledger Report. The amounts agreed.
 - b. We inspected the Ledger Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we observed the following bond and loans were outstanding as of December 31, 2015. These amounts agreed to the Townships January 1, 2016 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
Property Improvement Bond, Series 2013	\$240,000
OPWC Princeton Road Project	\$152,143
Excavator Loan	\$53,564

2. We inquired of management, and inspected the Ledger Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bond and loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to the Road and Bridge and General Note Retirement Funds payments reported in the Ledger 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 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 Payroll Check Register 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 employees' personnel files and the minute records or 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	January 9, 2018	\$1,917.12	\$1,917.12
State income taxes	January 15, 2018	December 31, 2017	\$353.23	\$353.23
OPERS retirement	January 30, 2018	December 31, 2017	\$3,601.84	\$3,601.84

3. We inquired of management and scanned the Ledger 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 December 31, 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 Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Report for the General, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2017 and 2016. In 2017, the Revenue Report recorded budgeted (i.e. certified) resources for the General Fund of \$246,346 and the Road and Bridge Fund of \$362,934. However, the final *Amended Official Certificate of Estimated Resources* reflected the General Fund of \$212,487 and the Road and Bridge Fund of \$377,997. The Gasoline Tax fund agreed. In 2016, the Revenue Report recorded budgeted (i.e. certified) resources for the General Fund of \$256,659. However, the final *Amended Official Certificate of Estimated Resources* reflected the General Fund of \$251,659. The Gasoline Tax and Road and Bridge funds agreed. The fiscal officer should periodically compare amounts recorded in the Revenue 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, Gasoline Tax and Road and Bridge 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 Report for 2017 and 2016 for the following funds: General, Gasoline Tax and Road and Bridge. In 2017, the Appropriations Report recorded appropriations for the General Fund of \$228,350 and the Gasoline Tax Fund of \$99,700. However, the approved appropriations reflected the General Fund of \$218,850 and the Gasoline Tax Fund of \$101,500. The Road and Bridge fund agreed. In 2016, the Appropriations Report recorded appropriations for the General Fund of \$259,550, the Gasoline Tax Fund of \$101,500 and the Road and Bridge Fund of \$386,200. However, the approved appropriations reflected the General Fund of \$301,079, the Gasoline Tax Fund of \$104,000 and the Road and Bridge Fund of \$456,700. The fiscal officer should periodically compare amounts recorded in the Appropriations Report to the approved appropriations 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 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 Road and Bridge funds for the years ended December 31, 2017 and 2016. 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, 2017 and 2016 for the General, Gasoline Tax and Road and Bridge fund, as recorded in the Appropriation 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 Revenue 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, 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 2017 and 2016 Revenue Report and Appropriation Report for evidence of interfund transfers exceeding \$100 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.
9. We inquired of management and inspected the Appropriation Report 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 Balance Sheet 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

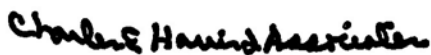
We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 to determine if the Township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct 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 upon procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. We confirmed whether 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. There were no exceptions.
2. We inquired of the fiscal officer and/or scanned the Fiscal Integrity Act Portal to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer 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.



Charles E. Harris & Associates, Inc.

June 11, 2018

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Dave Yost • Auditor of State

HUNTSBURG TOWNSHIP

GEAUGA 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 10, 2018**