

Valley Township
Scioto County
Agreed-Upon Procedures
For the Years Ended December 31, 2017 and 2016



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Dave Yost • Auditor of State

Board of Trustees
Valley Township
384 Cook Road
Lucasville, Ohio 45648

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of Valley Township, Scioto County, prepared by Millhuff-Stang, CPA, 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. Valley 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

September 11, 2018

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Scioto County
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Independent Accountant's Report on Applying Agreed-Upon Procedures

Valley Township
Scioto County
384 Cook Road
Lucasville, Ohio 45648

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Valley Township (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 these 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 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 Status Reports. 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 five reconciling credits (such as deposits in transit) haphazardly from the December 31, 2017 bank reconciliation:
 - a. We traced each credit to subsequent January or February bank statements. We found no exceptions
 - b. We agreed the credit amounts to the Receipt Ledgers. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

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 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 Revised Code Sections 5705.05 - .06 and 5705.10. We found no 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.
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 County Auditor's Vendor Audit Trail Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. We noted that reimbursements in the General Fund for the first and second half real estate settlement for 2016 and the first half settlement for 2017 were posted in net instead of gross.
 - 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. From the prior audit documentation, we observed the following bonds and loans 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.

2015 Community Service Building Bonds	\$1,800,000
2009 Fire Truck Loan	\$32,554

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. All debt agreed to the summary used in procedure 3.

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 Scioto County
 Independent Accountant's Report on Applying Agreed-Upon Procedures

3. We obtained a summary of bonds, note, and lease debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We noted the Township made an interest payment late in 2016 for the community service building bond. We also noted that principal and interest payments were incorrectly recorded as capital outlay rather than principal and interest in 2017 for the pumper and tanker lease purchase. No other exceptions noted.
4. For new debt issued during 2017 and 2016, we inspected the debt legislation, which stated the Township must use debt proceeds to purchase a new Rosenbauer custom pumper, new Rosenbauer wetside tanker, and a new Horton ambulance. The Township did not record the proceeds from each loan or the related capital outlay. We noted the bank paid the vendors on behalf of the Township. We also reviewed the appropriation ledger for 2017 and noted the Township is making payments for the pumper and tanker to the bank. The first payment for the ambulance is not due until 2018.

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 Ledger and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger 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 minute record 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 and Medicare	January 31, 2018	December 29, 2017	\$1,239.94	\$1,239.94
State income taxes	January 15, 2018	January 12, 2018	266.56	266.56
OPERS retirement	January 30, 2018	January 28, 2018	2,886.92	2,886.92

3. We inquired of management and inspected the Appropriation Ledger for years ended December 31, 2017 and 2016 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 50.601 and federal regulations.

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 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 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 Revised 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 Revised Code Section 5705.36(A)(1), to the amounts recorded in the Resources Available for Appropriation report for the General, Gasoline Tax and Ambulance 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 Ambulance Fund. The Resources Available for Appropriation recorded budgeted resources for the Ambulance Fund of \$25,000 for 2016. However, the final *Certificate* reflected \$23,721. The Fiscal Officer should periodically compare amounts recorded in the Resources Available for Appropriation report to amounts recorded in the *Certificate* to assure they agree. If amounts do not agree, 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 Ambulance 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 Revised Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Revised Code Sections 5705.38 and 5705.40, to the amounts recorded in the Comparison of Budget and Appropriated Report for 2017 and 2016 for the following funds: General, Gasoline Tax and Ambulance Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Budget and Appropriated Report.
4. Ohio Revised Code Sections 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Ambulance Funds for the years ended December 31, 2017 and 2016. Ambulance Fund appropriations for 2016 exceeded certified resources by \$1,279, contrary to Ohio Revised 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 Revised 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 Ambulance Funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.

6. Ohio Revised 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 Revised 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 Ledgers and Appropriation Ledgers for evidence of interfund transfers which Ohio Revised 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.
9. We inquired of management and inspected the Appropriation Ledger to determine whether the Township elected to establish reserve accounts permitted by Ohio Revised Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Fund Summary Report for the years ended December 31, 2017 and 2016 for negative cash fund balances. Ohio Revised 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 balance.

Compliance – Contracts & Expenditures

1. 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 Revised 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 Revised 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. There were no exceptions.

Officials' Response

We did not receive a response from Officials to the exceptions reported above.

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.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

August 10, 2018



Dave Yost • Auditor of State

VALLEY TOWNSHIP

SCIOTO 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, 25 2018