



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Clark Township  
Brown County  
224 Bank Street  
Hamersville, Ohio 45130

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Clark Township (the Township) on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2019 and 2018 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, 2019 and 2018 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, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 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, 2019 and 2018 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 primary bank account balance with the Township's financial institution and through the Ohio Pooled Collateral System. We found no exceptions. We also agreed the primary bank account confirmed balance to the amount appearing in the December 31, 2019 bank reconciliation without exception. We confirmed the December 31, 2019 EMS bank account balance with the Township's financial institution. We found no exceptions. We also agreed the EMS bank account confirmed balance to the amount appearing in the December 31, 2019 bank reconciliation without exception. The Township December 31, 2018 bank reconciliation included a certificate of deposit in the amount of \$18,329 which we were able to confirm in the amount of \$18,464 at December 31, 2018. We were further able to confirm the Certificate of Deposit was closed on June 11, 2019 and the funds were used to open a new Certificate of Deposit that was closed on December 14, 2020 and further used to open a Certificate of Deposit which is set to mature on December 14, 2021.

5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2019 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statement. We found payment number 16400 dated December 24, 2019 in the amount of \$264 did not clear the bank account in January and February 2020.
  - b. We traced the amounts and dates to the Payment Register Detail Report, to determine the debits were dated prior to December 31. There were no exceptions.
6. We selected the deposit in transit from the December 31, 2019 bank reconciliation:
  - a. The deposit in transit in the amount of \$50,000 received from Lewis Township with a December 19, 2019 posting date did not clear the bank account in January and February 2020. The amount continued to be a deposit in transit for March 2020 and was indicated as a cleared receipt in April 2020. We subsequently reviewed Lewis Township's information and noted the payment was outstanding January through March 2020 and was indicated as a cleared payment in April 2020.
  - b. We agreed the credit amount to the Receipt Detail Report. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We inspected investments held at December 31, 2019 and December 31, 2018 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 and 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 of 135.14. We noted no exceptions.

#### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the Brown County Auditor's Audit Trail by Vendor Report for 2019 and a total of five from 2018:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to determine these receipts were 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 Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We confirmed the \$144,620 from PERSO / OTARMA Insurance to the Township during 2018. We found no exceptions.

- a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the \$49,968 from Lewis Township to the Township during 2018 for Fire and Emergency services. We found no exceptions.
  - a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
5. We confirmed the \$50,000 from Lewis Township to the Township during 2019 for Fire and Emergency services. We found no exceptions.
  - a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found the amount was a deposit in transit at December 31, 2019 and did not clear the bank account in January and February 2020. The amount continued to be a deposit in transit for March 2020 and was indicated as a cleared receipt in April 2020. We subsequently reviewed Lewis Township's information and noted the payment was outstanding January through March 2020 and was indicated as a cleared payment in April 2020.
6. We confirmed the \$30,258 from Scott Township to the Township during 2018 for Fire and Emergency services. We found no exceptions.
  - a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found \$20,258 of the \$30,258 confirmed for 2018 was not recorded in the accounting system until January 31, 2019.
7. We confirmed the \$20,258 from Scott Township to the Township during 2019 for Fire and Emergency services. We found no exceptions.
  - a. We inspected the Receipt Detail Report to determine whether this receipt were allocated to the proper fund. We found this receipt was not posted to the accounting system during 2019; was an outstanding payment for Scott Township at December, 31, 2019; and did not clear Scott Township's bank account during January and February 2020. The payment was voided by Scott Township in September 2020 and was reissued to Clark Township on July 13, 2020. The receipt was posted by Clark Township with a post date of July 17, 2020 and a transaction date of February 22, 2021.

- b. We inspected the Receipt Detail Report to determine whether the receipt was recorded in the proper year. We found this receipt was not posted to the accounting system during 2019; was an outstanding payment for Scott Township at December, 31, 2019; and did not clear Scott Township's bank account during January and February 2020. The payment was voided by Scott Township in September 2020 and was reissued to Clark Township on July 13, 2020. The receipt was posted by Clark Township with a post date of July 17, 2020 and a transaction date of February 22, 2021.
8. We confirmed the \$49,968 from Lewis Township to the Township during 2018 for Fire and Emergency services. We found no exceptions.
- a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
9. We confirmed \$72,607 of \$76,558 received during 2018 and \$73,598 of \$77,860 received during 2019 by the Township for Emergency Medical Services. We found no exceptions.
- a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Receipt Detail 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 loan were outstanding as of December 31, 2017. These amounts agreed to the Township's January 1, 2018 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2017:
Firehouse Bond	\$80,000
Firetruck Loan	44,000

2. We inquired of management, and inspected the Register Detail Report and the Payment Register Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. All debt agreed to the summary we used in procedure 3. There were no new debt issuances.
3. We obtained a summary of bond and loan debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedules to Special Levy 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 found the following exceptions:
- Firehouse Bond interest payment due on June 1, 2019 was paid on June 3, 2019
  - Fire Truck Loan payment due on March 14, 2018 was paid on April 3, 2018 resulting in a late fee being paid in the amount of \$1,184.

- Fire Truck Loan payment due on March 14, 2019 was paid on March 5, 2019. Additional payments identified as relating to the Fire Truck Loan were noted on March 9, 2019 in the amount of \$123 and April 18, 2019 in the amount of \$41. Supporting documentation was not provided for these additional payments. The loan agreement included provisions for prepayment penalty and interest after default with an event of default including borrower failing to make any payment when due under the agreement.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2019 and one payroll check for four employees from 2018 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 noted the following:
    - Support for legislatively or statutorily – approved pay rates were not provided for EMS employees tested for 2019.
    - Timecards were not provided for two out of three EMS employees tested for 2019.
  - 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 Trustees were paid from the General Fund and Road and Bridge Fund however we were not provided with Trustee certifications for the percentage of time spent working on matters that are to be paid from funds other than the General Fund.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2019 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 2019. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2020	February 3, 2020	\$6,086	\$6,086 (1)
State income taxes	January 31, 2020	February 4, 2020	\$1,269	\$1,330 (2)
OPERS retirement	January 30, 2020	February 19, 2020	\$1,247	\$1,247

- (1) – We also noted 2<sup>nd</sup> and 3<sup>rd</sup> Quarters of 2019 were paid on February 3, 2020  
 (2) – Represented payment for all of 2019

3. For the pay periods ended April 30, 2018 and October 31, 2019, we
  - a. Recomputed the allocation of the Boards’ salaries to the General Fund and Road and Bridge Fund per the Wage Detail Report.
  - b. Traced the Boards’ salary for time or service performed to supporting certifications the Revised Code requires.

4. We compared total gross pay for the Fiscal Officer and each Board member for 2019 and 2018 to the compensation permitted by Ohio Revised Code Sections 507.09 and 505.24, respectively. We found no exceptions.
5. We inquired of management and inspected the Payment Listing Report for the years ended December 31, 2019 and 2018 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 selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2019 and 10 from the year ended 2018 and determined whether:
  - a. The disbursements were for a proper public purpose.

The Township was unable to provide invoices for the following disbursements without which the Township could not document that each disbursement was for a proper public purpose:

Check Number	Date	Payee	Amount
15293	2-15-2018	People's Bank	\$1,912.94
15952	4-18-2019	DKC Radio	6,314.78
15990	5-16-2019	Wiseway Supply	55.38
16125	6-20-2019	Rob Drake Trucking	1,255.50
16169	7-18-2019	Bane Walker Equipment	1,595.64
16356	11-26-2019	Allied 100, LLC	3,395.95

As a result, alternative procedures were performed to determine whether disbursements were for a proper public purpose. We recommend supporting documentation and invoices be maintained for all disbursements made by the Township.

- 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. In addition to the invoice not provided for items identified in 1a above, check number 15952 in the amount of \$6,314.78 to DKC Radio cleared the bank account as check number 15976 and check number 15990 in the amount of \$55.38 to Wiseway Supply cleared the bank account as check number 16086.
  - 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). Certifications were not provided for 2018 and 2019. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. We recommend the Fiscal Officer properly certify all disbursements at the time of commitment and maintain support for audit and review purposes.

**Compliance – Budgetary**

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Sections 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General, Motor Vehicle License Tax and Special Levy Funds. There were no funds for which expenditures exceeded appropriations.



2. We inspected the 2019 and 2018 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$2,500 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).
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2019 and 2018 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.

### **Sunshine Law Compliance**

1. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(E)(2).
2. We inquired with Township management and determined that the Township did not have any completed public records requests during the engagement period.
3. We inquired with Township management and determined that the Township did not have any denied public records requests during the engagement period.
4. We inquired with Township management and determined that the Township did not have any public records requests with redactions during the engagement period.
5. We inquired whether the Township has a records retention schedule and whether that schedule is readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
6. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period and therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
7. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period therefore it could not be included in a policy manual as required by Ohio Rev. Code § 149.43(E)(2).
8. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period and therefore it could not be displayed in all the branches of the Township as required by Ohio Rev. Code § 149.43(E)(2).
9. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inspected individual training certificates and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We found no exceptions.
11. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period are to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.

12. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.

We found no exceptions.

13. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.

We found no exceptions.

### **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 regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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, 2019 and 2018 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
  - A list of authorized users, and
  - a list of all credit card account transactions.
  - a. We selected 1 credit card transaction from the credit card account for testing. For the selected transaction we inspected documentation to determine that:
    - i. Each transaction was supported with original invoices and for a proper public purpose.

For the item selected for testing, the Township lacked itemized receipts related to the disbursements which consisted of two separate charges totaling \$232.85 to Best Buy (\$199.98) and Dollar General (\$32.87). As a result, alternative procedures were performed to determine whether disbursements were for a proper public purpose.

- b. We selected 3 credit card statements from the credit card account for testing. For selected statements we inspected documentation to determine that:

- i. No unpaid beginning balance was carried forward to the current billing cycle,
- ii. Ending statement balance was paid in full, and
- iii. Statement contained no interest or late fees.

We found the credit card statement covering the period of June 26, 2019 to July 24, 2019 included an unpaid beginning balance in the amount of \$52.82 carried forward to the current billing cycle and contained interest in the amount of \$3.20 of which the statement was paid in full.

We recommend the Township review HB 312 requirements for credit cards and establish policies and procedures which are in accordance with the statutory requirements. We further recommend that itemized receipts or invoices be maintained for all credit card transactions in order to determine whether underlying expenditures are for a proper public purpose.

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, 2019 and 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
April 20, 2021



# OHIO AUDITOR OF STATE KEITH FABER



**CLARK TOWNSHIP**

**BROWN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 5/18/2021**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)