



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Liberty Township
Van Wert County
13833 St. Rt. 118
Van Wert, Ohio 45891

We have performed the procedures enumerated below on Liberty Township's (the Township) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 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, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township.

The Board of Trustees and the management of the Township have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2020 and 2019, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We noted two exceptions. The Township's Cash Journal was \$142 lower than the bank balance at December 31, 2019 and December 31, 2020.
2. We agreed the January 1, 2019 beginning fund balances for each fund recorded in the Cash Journal to the December 31, 2018 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances for each fund recorded in the Cash Journal to the December 31, 2019 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the Cash Journal and the financial statements filed by the Township

in the Hinkle System. The amounts reported in the Cash Journal for 2020 and 2019 did not agree to the amounts reported in the financial statements filed by the Township in the Hinkle System by \$12,402 and \$600, respectfully.

4. We confirmed the December 31, 2020 bank account balances with the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. There were no exceptions.
6. We inspected investments held at December 31, 2020 and December 31, 2019 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code § 135.13, 135.14 or 135.144. We found no exceptions
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We noted no exceptions.

Property Taxes and Intergovernmental 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 *County Auditor Appropriation History* for 2020 and a total of five from 2019
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Journal. The amounts agreed.
 - b. We inspected the Receipt Journal to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Journal 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 Journal and Cash Journal to determine whether it included two real estate tax receipts plus 2 advances for 2020 and 2019. The Receipt Journal and Cash Journal included the proper number of tax receipts for each year.

Other Receipts

We selected 10 other receipts from the year ended December 31, 2020 and:

- a. Agreed the receipt amount recorded in the Receipt Journal to supporting documentation. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Receipt Journal to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2018.
2. We inquired of management, and inspected the Receipt Journal, Cash Journal and Appropriation Ledger for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. There were no new debt issuances, nor any debt payment activity during 2020 or 2019.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Payroll Record and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Record to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the Township payroll documents for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check
We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions. We found no exceptions.
 - c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the minute record and as required by statute. We found no exceptions.
 - d. We 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, 2020 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 2020. 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, 2021	January 4, 2021	\$629	\$629
State income taxes	January 15, 2021	January 11, 2021	\$297	\$297
OPERS retirement	January 15, 2021	January 4, 2021	\$1,930	\$1,930
School tax	January 31, 2021	January 11, 2021	\$217	\$217

3. For the pay periods ended February 3, 2020 and June 3, 2019, we
 - a. Recomputed the allocation of the Boards' salary amounts to the General, Gas Tax and Road Funds per the Appropriation Ledger.
 - b. Traced the Boards' pay for time or services performed to supporting certifications the Revised Code requires.
We found no exceptions.

4. We compared total gross pay for the fiscal officer and each board member for 2020 and 2019 to the compensation permitted by Ohio Revised Code §§ 507.09 and 505.24, respectively. We found no exceptions.
5. We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2020 and 2019 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. From the Appropriation Ledger, we re-footed checks recorded as General Fund disbursements for *Assessments (Public Safety)*, and checks recorded as *Supplies* in the Cemetery Fund for 2020. We found no exceptions.
2. We selected 10 disbursements from the Appropriation Ledger for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:
 - a. The disbursements were for a proper public purpose. We found one exception, the Township paid sales tax of \$49 in 2020.
 - 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 § 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the for the General, Fire and COVID-19 Funds in 2020 and General, Gas Tax and Road and Bridge Funds in 2019, as recorded in the Appropriation Ledger. Fire Fund expenditures for 2020 exceeded total appropriations by \$50,000, contrary to Ohio Rev. Code § 5705.41(B).
2. We inspected the Appropriation Ledger for the Cemetery Bequest Fund. Not more than 5% of non-spendable monies were released, spent, or otherwise modified during the engagement period. No exceptions were noted.
3. We inspected interfund transfers from 2020 and 2019 Cash Journal for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Ohio Rev. Code § 5705.16 would require approval by the Tax Commissioner.
4. We inspected the Cash Journal for the years ended December 31, 2020 and 2019 for negative cash fund balances. Ohio Rev. Code § 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 selected the total population of public records requests from the engagement period and inspected each request to determine the following:
 - a. We inquired with Township management and determined that the Township did not have any completed public records requests during the engagement period.
 - b. The Township provided an explanation for the denied request which included the legal authority to the requester as required by Ohio Rev. Code § 149.43(B)(3). We found no exceptions.
 - c. The Township did not have any public records requests with redactions during the engagement period.
3. We inquired whether the Township had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inquired with Township management and determined that the Township did not have a public records policy during the engagement period therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. 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).
6. 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 displayed in all the branches of the Township as required by Ohio Rev. Code § 149.43(E)(2).
7. 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.
8. No individual training certificates were provided to inspect to determine 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 that each of the elected officials did not complete Public Records Training for each term of office.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. 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.

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined that no executive sessions were held.

HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance

1. We inquired of management and those charged with governance and documented how the Township decided to spend their CRF allocations and how the Township evaluated and documented their compliance with the CARES Act three-prong test. We then selected five non-payroll transactions. and determined the Township:

- a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
- b. Maintained appropriate supporting documentation.

We found no exceptions.

2. We inquired with management and inspected the Appropriation Ledgers to determine the Township did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.

Other Compliance

1. Ohio Rev. Code § 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, 2020 and 2019 in the Hinkle system. Financial information was filed on July 4, 2021 for both 2020 and 2019 which was not within the allotted timeframe.

2. We inquired of the fiscal officer and 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 §§ 507.12 and 733.81. Fiscal Officer did not obtain the required training.

3. For all credit card accounts we obtained:

- a list of all credit card account transactions.

a. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:

- i. Each transaction was supported with original invoices and for a proper public purpose.

We found no exceptions.

b. We selected 3 credit card statements from each 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 no exceptions.

We were engaged by the Township to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the Township and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



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

OHIO AUDITOR OF STATE KEITH FABER



LIBERTY TOWNSHIP

VAN WERT 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 9/9/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov