



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

New Castle Township
Coshocton County
25408 CR 367
Walhonding, Ohio 43843

We have performed the procedures enumerated below on the New Castle Township's, Coshocton County, Ohio (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

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances for each opinion unit recorded in the Fund Ledger Report to the December 31, 2018 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances for each fund recorded in the Fund Ledger Report to the December 31, 2019 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, 2020 and 2019 fund cash balances reported in the Cash Summary by Fund Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.

Cash (Continued)

4. We confirmed the December 31, 2020 bank account balance with the Township's financial institution. 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 the single reconciling debit (such as an outstanding check) from the December 31, 2020 bank reconciliation:
 - a. We traced the debit to the subsequent January bank statement. We found no exception.
 - b. We traced the amount and date to the check register, and determined the debit was dated prior to December 31. There were no exceptions.
6. We inspected the Cash Flow Summary by Fund Report to determine whether the Finding for Adjustment identified in the prior audit report, due from the General Fund and payable to the Gasoline Tax Fund, was properly posted to the ledgers and reflected in the fund balances in Procedure 2. We found 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 Coshocton County Audit Trail by Vendor Report 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 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 §§ 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 2020 and 2019. The Receipt Detail Report included the proper number of tax receipts for each year.

Debt

1. From the prior audit documentation, we observed the following notes were outstanding as of December 31, 2018. These amounts agreed to the Township's January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
Promissory Note for Loader	10,000
Promissory Note for Tractor	49,813

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.

Debt (Continued)

3. We obtained a summary of notes debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedules to Gasoline Tax 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. The Township made payments in accordance with amounts due from the invoices received from the bank. However, the Township made payments late and incurred late fees of \$671 in 2020. Additionally, the bank loans for the Tractor and Loader did not meet the criteria for an allowable debt type for Townships per Ohio Rev. Code §§ 133 and 505.262(A). The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships.

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 Wage Withholdings Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timesheets, legislatively or statutorily approved rate or salary).
 - i. We inspected the employees' personnel files and minute record 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 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 records or as required by statute. However, see Procedure 3 documentation for exception for Trustee compensation.
 - c. 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	December 30, 2020	\$175	\$175
State income taxes	January 15, 2021	December 30, 2020	\$36	\$36
OPERS retirement	January 30, 2021	December 31, 2020	\$1,147	\$1,147

Payroll Cash Disbursements (Continued)

3. For the pay periods ended October 31, 2020 and May 31, 2019, we
 - a. Recomputed the allocation of the Fiscal Officer's and Boards' salary amounts to the General and Gasoline Tax Funds per the Wage Detail Report.
 - b. Traced the Boards' pay for time or services performed to the certifications, as the Revised Code requires.

Ohio Rev. Code § 505.24(C) sets forth the method by which Township Trustees' Compensation should be allocated. Trustee salary is required to be paid from the Township General Fund or from other Township funds in such proportions as the Board may specify by resolution. Each Trustee must certify the percentage of time spent working on matters to be paid from the Township General Fund and from other Township funds in such proportions as the kind of services performed. Auditor of State Bulletin 2013-002 further clarified that townships were not permitted to allocate 100 percent of officials' salaries to restricted funds. Township officials are required to attend board meetings, and such activities supporting the general business of the Township must be all allocated to the General Fund. The Trustees passed an annual Resolution authorizing the Trustees salary to be paid 25% from the General Fund and 75% from the Gasoline Tax Fund. Certifications were maintained for both years for all Trustees agreeing with the Resolution. However, in 2019 the Trustees were paid 42% from the General Fund and 58% from the Gasoline Tax Fund. This does not agree to the certifications but since more was paid from the General Fund, no adjustment is required. However, in 2020, the certifications were in agreement with the Resolution but one Trustee was paid 100% from the General Fund and two trustees were paid 100% from the Gasoline Tax Fund. In total, \$2,587 should have been paid from the General Fund instead of the Gasoline Tax Fund for 2020. This total adjustment of \$2,587 was agreed to by the management and was posted to the Township's records.

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 Payment Register Detail Report 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

We selected 10 disbursements from the Payment Register Detail Report 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 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. However, it was noted that the Township Trustees each had a debit card that was used to make purchases, with one purchase of \$249 at Rural King made with a Township debit card being selected. Ohio Rev. Code § 9.22 states no political subdivision may hold or utilize a debit card account, except for law enforcement purposes.
- 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.

Non-Payroll Cash Disbursements (Continued)

- 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 one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code § 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

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 General, Motor Vehicle License Tax and Gasoline Tax Funds, as approved by the Board and recorded in the Appropriation Status Report. Gasoline Tax Fund expenditures for 2019 exceeded total appropriations by \$64,380, contrary to Ohio Rev. Code § 5705.41(B). However, because we did not inspect all funds, our report provides no assurance regarding whether or not other similar errors occurred.
2. We inspected the Cash Summary by Fund Report 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 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 a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
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).

Sunshine Law Compliance (Continued)

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. 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). The Fiscal Officer and one Trustee did not attend public records training during their terms ending in 2020.
9. 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 were to be held as required by Ohio Rev. Code § 121.22(F). We found the Township failed to adopt a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings.
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 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 § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.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. There were no exceptions.
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. The Fiscal Officer did not obtain the required training for her term ending March 31, 2020. For the current term, the Fiscal Officer has obtained 7 of the required 12 hours of training.

Other Compliance (Continued)

3. For all credit card accounts we obtained:
 - Copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - a. The Township did not establish a credit card policy in accordance with HB 312.
 - b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.

As the Township had not established a credit card policy, we were unable to determine if use was by an authorized user and within guidelines set.
 - c. 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.

The Township had carrying beginning balances on seven out of twelve credit card statements selected for testing. Of these seven, two had balances that were not paid in full. However, no interest or late fees were charged.

Related Party Transactions

1. We inquired with management and identified the following Related Party Transactions:

During 2019, the grandson of the Fiscal Officer and Trustee was paid \$420 for clean up after a storm. Payment was for roadwork, mowing, and tree removal.

Ohio Rev. Code § 2921.42(A)(1) states that no public official shall knowingly authorize, or employ the authority or influence of the public official's office to secure authorization of any public contract in which the public official, a member of the public official's family, or any of the public official's business associates has an interest.

This matter will be referred to the Ohio Ethics Commission for whatever action deemed necessary.
2. We confirmed the transactions with supporting documentation, including timesheets. We found no exceptions.
3. We obtained supporting evidence for the Related Party Transactions noted in procedure 1.

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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2021

OHIO AUDITOR OF STATE KEITH FABER



NEW CASTLE TOWNSHIP

COSHOCTON 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 1/4/2022

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