



Dave Yost • Auditor of State





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

Jefferson Township  
Williams County  
09991 County Road 16  
Bryan, Ohio 43506-9781

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Jefferson Township, Williams County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2016 and 2015 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, 2016 and 2015 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 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, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation. We noted that the balance in the Township's accounting system for the Township's Certificates of Deposit did not agree with the balances on the confirmation obtained from the Township's financial institution. It was noted that this difference of \$869 was composed of interest revenue received but not recorded in the accounting system. The Township should implement procedures to verify that all receipts are properly recorded in the accounting system when the transaction occurs.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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, to determine the debits were dated prior to December 31. There were no exceptions.
6. We inspected the Fund Ledger to determine whether the Findings For Adjustment identified in the prior audit report, due from the Motor Vehicle License Tax, Road and Bridge, and Permissive Motor Vehicle License Tax funds, payable to the Gas Tax fund, was properly posted to the report. We found no exceptions.
7. We traced interbank account transfers occurring in December of 2016 and 2015 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2016 and December 31, 2015 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. 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 2016 and one from 2015:
  - 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 2016 and 2015. The Receipts Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and all from 2015. We also haphazardly selected five receipts from the County Auditor's Check History Register from 2016 and five from 2015.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper fund. We found no exceptions.
  - c. We inspected the Receipts Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

#### **Hotel/Motel Tax Cash Receipts**

1. We haphazardly selected 10 hotel/motel tax receipts from the year ended December 31, 2016 and 10 hotel/motel tax receipts from the year ended December 31, 2015 recorded in the Standard receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. Confirm the amounts charged complied with rates in force during the period. We found no exceptions.
  - c. Inspected the Receipt Register Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Register Report to determine whether it included twelve monthly hotel/motel tax receipts for 2016 and 2015. The Receipts Register Report included the proper number of tax receipts for each year.

#### **Debt**

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. We noted no new debt issuances, nor any debt payment activity during 2016 or 2015.

#### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment 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, time sheets, and minute record. We also confirmed the payment was posted to the proper year. We found two instances in 2015, where a portion of a payroll disbursement for work performed at the Township's cemetery in the gross amount of \$126 was paid from the Gasoline Tax Fund and another portion of a payroll disbursement for work performed on Township roads and ditches in the gross amount of \$234 was paid from the Cemetery Fund.

These expenditures are not consistent with Ohio Rev. Code § 5735.27 (A)(5)(d), and § 517.08, which regulate the uses of gasoline excise taxes and cemetery lot proceeds, respectively.

Adjustments were made to the Township's accounting records to correct these errors. However, because we did not test all payroll disbursements, our report provides no assurance regarding whether or not other similar errors occurred. We recommend the Township only make expenditures from allowable funds.

2. For any new employees selected in step 1 we inspected the employees' personnel files and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department(s) and fund(s) to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State and Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 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 2016. We noted 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 and Medicare	January 31, 2017	January 9, 2017	\$792	\$792
State income taxes	January 31, 2017	January 30, 2017	538	538
School District income taxes	January 31, 2017	January 30, 2017	311	311
OPERS retirement	January 30, 2017	January 30, 2017	2,060	2,060

### **Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended December 31, 2015 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 the following exceptions:

In 2016, we noted a disbursement in the amount of \$385 for concrete sand was paid from the Fire Levy Fund. The Fire levy as renewed at the November 2014 General Election was for the purpose of "fire protection". Ohio Rev. Code § 5705.10 (I) requires monies paid into any fund shall be used only for the purposes for which such fund is established. This expenditure is not consistent with the purpose of the fire levy. As such, the payment for concrete sand from the Fire Levy Fund was not permissible.

Additionally, in 2016, we noted a disbursement in the amount of \$7,104 for new drives at Schiffler Cemetery were paid from the Gasoline Tax (\$3,104) and Permissive Motor Vehicle License Tax (\$4,000) funds. Based on Ohio Rev. Code § 5735.27 (A)(5)(d), this expenditure is not consistent with the purpose of gasoline excise funds. Based on review of Ohio Rev. Code § 4504.18, this expenditure is not consistent with the purpose of permissive motor vehicle license taxes.

Adjustments were made to the Township's accounting records to correct these errors.

In 2015, we noted a disbursement in the amount of \$46,987 for a 2015 International 7400 truck chassis was paid from the General Fund. Ohio Rev. Code Section 5549.21 requires payments for machinery for road and bridge purposes be made from the Township Road fund. While 2008 Ohio House Bill No. 458 removed the prohibition on using General levy money for road and bridge purposes, the township is expected to transfer the amount from the General Fund to the Road fund to make the payment. An adjustment to the

Township's accounting records is not required as the Township is allowed to use General Fund money for such purposes.

However, because we did not test all non-payroll disbursements, our report provides no assurance regarding whether or not other similar errors occurred. We recommend the Township only make expenditures from allowable funds.

- 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 Status Report for the General, Road and Bridge, and Fire Levy funds for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$154,602 for 2016 and \$170,706 for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$154,555 and \$169,842, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status 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 2016 and 2015 to determine whether, for the General, Road and Bridge, and Fire Levy 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 Appropriation Status Report for 2016 and 2015 for the following funds: General, Road and Bridge, and Fire Levy. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
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, Road and Bridge, and Fire Levy funds for the years ended December 31, 2016 and 2015. We noted no funds for which appropriations exceeded estimated 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, 2016 and 2015 for the General, Road and Bridge, and Fire Levy funds, as recorded in the Appropriation Status Report. We noted 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 Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. 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, 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.

We noted 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 2015 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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 Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balances. Ohio Rev. 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 and Expenditures**

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 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**

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. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. There were no exceptions noted.

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 for the use of the Township to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 29, 2017

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# Dave Yost • Auditor of State

**JEFFERSON TOWNSHIP**

**WILLIAMS 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 11, 2017**