



Dave Yost • Auditor of State





# Dave Yost • Auditor of State

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

Jefferson Township  
Tuscarawas County  
102 North Bridge Street  
Stone Creek, Ohio 43840

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Township (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2011 and 2010, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. 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*. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to provide attest services to the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

### Cash

1. We tested the mathematical accuracy of the December 31, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Status Report to the December 31, 2009 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the Township's financial institution. We found no exceptions. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates written to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

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

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2011 and one from 2010:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2011 and 2010. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected five receipts from the County Auditor's DTLs from 2011 and five from 2010.
  - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

#### **Debt**

1. The prior audit report disclosed no debt outstanding as of December 31, 2009.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. We noted no new debt issuances, nor any debt payment activity during 2011 or 2010.

#### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 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 determined whether the fund and account code to which the check was posted were reasonable based on the employees' duties as documented in the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 to determine whether 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 2011. 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 & Medicare	January 31, 2012	12/31/11	\$957.77	\$957.77
State income taxes	January 15, 2012	12/31/11	\$89.23	\$89.23
Local income tax	January 31, 2012	12/31/11	\$57.87	\$57.87
OPERS retirement	January 30, 2012	1/2/12	\$991.66	\$991.66

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

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended 2010 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 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). 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, Gasoline Tax and Fire funds for the years ended December 31, 2011 and 2010. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General, Gasoline Tax and Fire funds during fiscal year 2010. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$91,265.67, Gasoline Tax fund of \$85,775.00 and Fire fund of \$63,473.00 for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$93,885.22 for the General fund, \$93,712.57 for the Gasoline Tax fund, and \$60,308.85 for the Fire fund. 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 scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Gasoline Tax and Fire 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 Comp. of Disb. / Encumbrances Report for 2011 and 2010 for the following funds: General, Gasoline Tax and Fire funds. The amounts on the appropriation resolutions for 2011 agreed to the amounts recorded in the Comp. of Disb. / Encumbrances report. The amounts on the 2010 Appropriations were not recorded on the Comparison of Disbursements/ Encumbrances Report based on the Final Appropriation Resolution approved by the County Auditor. This could result in budgetary noncompliance and limits the ability of the Board of Trustees to monitor the Township's approved budget and actual amounts throughout the fiscal year. The Township Fiscal Officer should reconcile the Final Appropriation Resolution to the Comparison of Disbursements/ Encumbrances Report for completeness and accuracy. This will help reduce the risk of budgetary noncompliance and inaccurate budgetary comparison.
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, Gasoline Tax and Fire funds for the years ended December 31, 2011 and 2010. We noted no funds for which appropriations exceed certified 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, 2011 and 2010 for the General, Gasoline Tax and Fire fund, as recorded in the Comp. of Disb. / Encumbrances 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 scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2011 and 2010. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2011 and 2010 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers 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.
8. We inquired of management and scanned 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.

#### **Compliance – Contracts & Expenditures**

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2011 and 2010 for procurements requiring competitive bidding under the following statutes:
  - a. Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 511.12)
  - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Rev. Code Sections 505.37 to 505.42)

- d. Street lighting systems or improvement costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 515.07)
- e. Building modification costs exceeding \$25,000 to achieve energy savings (\$50,000 effective September 29, 2011) (Ohio Rev. Code Section 505.264)
- f. Private sewage collection tile costs exceeding \$25,000 (\$50,000 effective September 29, 2011) (Ohio Rev. Code Sections 521.02 to 521.05)
- g. Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000 (Ohio Rev. Code Section 505.37(A))
- h. Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
- i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Rev. Code Section 5575.01)

We identified an OPWC slip repair project exceeding \$45,000, subject to Ohio Rev. Code Section 5515.01. For this project, we noted that the Board advertised the project in a local newspaper, and selected the lowest responsive and responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2011 and 2010 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.

**Officials' Response** – [The] Trustees and I, Brian Pfeiffer, fiscal officer, carefully monitor the Certificate of Estimated Resources and Appropriations throughout the year to ensure budgetary compliance. To communicate our final 2010 receipts and expenditures to the County Auditor, trustees passed a resolution at our last meeting to amend our resources and appropriations, which were both approved by the County Budget Commission. I take responsibility for not entering this into the UAN system after being approved, primarily due to year-end financial and payroll activities. It is important to note that no receipts, purchase orders or payments were made after the amendments were approved.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State

April 27, 2012

**This page intentionally left blank.**





# Dave Yost • Auditor of State

JEFFERSON TOWNSHIP

TUSCARAWAS 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  
MAY 10, 2012