



Dave Yost • Auditor of State





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

Clay Township  
Auglaize County  
23412 Idle Road  
Wapakoneta, Ohio 45895

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Clay 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, 2015 and 2014, 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.

This report only describes exceptions exceeding \$10.

### Cash

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Cash Journal to the December 31, 2013 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Cash Journal to the December 31, 2014 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, 2015 and 2014 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. 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. We noted no exceptions.

### **Cash (Continued)**

6. We tested interbank account transfers occurring in December of 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

### **Property Taxes and Intergovernmental Receipts**

1. We selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes for 2015 and one from 2014:
  - a. We traced the gross receipts from the Statement to the amount recorded in the Receipts Journal. 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 Receipts Journal to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Receipts Journal included the proper number of tax receipts for each year.
3. We selected all three receipts from the State Distribution Transaction Lists (DTL) from 2015 and all three from 2014. We also selected five receipts from the Detail Expense Transactions Report from 2015 and five from 2014.
  - a. We compared the amount from the above reports to the amount recorded in the Receipts Journal. 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 agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2013.
2. We inquired of management, and scanned the Receipts Journal and Appropriations Ledger for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. We noted no new debt issuances, nor any debt payment activity during 2015 or 2014.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Payroll Record and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Record to supporting documentation (legislatively or statutorily-approved rate or salary). 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.

**Payroll Cash Disbursements (Continued)**

- c. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the Minute Record or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the Minute Record was consistent 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 & 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 scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 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 2015. 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, 2016	December 28, 2015	\$437.95	\$437.95
State income taxes	January 31, 2016	December 28, 2015	\$126.00	\$126.00
School District taxes	January 31, 2016	December 28, 2015	\$89.45	\$89.45
OPERS retirement	January 30, 2016	December 28, 2015	\$890.06	\$890.06

4. For the pay periods ended August 31, 2015 and March 31, 2014, we recomputed the allocation of the Boards' salaries to the General Fund and Gas Tax Fund per the Payroll Record and Appropriations Ledger. We found no exceptions.
5. For the pay periods described in the preceding step, we traced the Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
6. We inquired of management and scanned the Appropriations Ledger for the years ended December 31, 2015 and 2014 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601.

### Non-Payroll Cash Disbursements

1. From the Appropriations Ledger, we re-footed checks recorded as General Fund disbursements for utilities, and checks recorded as repairs in the Gas Tax fund for 2015. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriations Ledger for the year ended December 31, 2015 and ten from the year ended 2014 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 Appropriations 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 should have certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found that all twenty disbursements examined were not certified and there was also no evidence that a *Then and Now Certificate* was issued. **Ohio Rev. Code Section 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 test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### 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 Receipts Journal for the General, Motor Vehicle and Cemetery funds for the years ended December 31, 2015 and 2014. The amounts agreed.
2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Motor Vehicle and Cemetery 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 Appropriations Ledger for 2015 and 2014 for the following funds: General, Motor Vehicle, and Cemetery Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriations Ledger 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, Motor Vehicle and Cemetery funds for the years ended December 31, 2015 and 2014. We noted no funds for which appropriations exceeded 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, 2015 and 2014 for the General, Motor Vehicle and Cemetery funds, as recorded in the Appropriations Ledger. We noted no funds for which expenditures exceeded appropriations.

### **Compliance – Budgetary (Continued)**

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts Journal for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. 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 2015 and 2014 Receipts Journal and Appropriations Ledger 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 Appropriations Ledger 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.
9. We scanned the Cash Journal for the years ended December 31, 2015 and 2014 for negative cash fund balance. 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. We noted no funds having a negative cash fund balance.

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

We inquired of management and scanned the Appropriations Ledger for the years ended December 31, 2015 and 2014 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.

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  
Columbus, Ohio

April 1, 2016

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# Dave Yost • Auditor of State

**CLAY TOWNSHIP**

**AUGLAIZE 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 3, 2016**