



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Jackson Township
Seneca County
6250 North County Road 3
Fostoria, Ohio 44830-9594

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Jackson Township, Seneca County, Ohio (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, 2010 and 2009, 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, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report to the December 31, 2008 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, 2010 and 2009 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We observed the year-end bank balance on the financial institution's website. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 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.
6. We tested interbank account transfers occurring in December of 2010 and 2009 to determine if they were properly recorded in the accounting records and on each bank statement. These are transfers from the savings account to the checking account within the same bank. We noted these transfers on the Investment Journal. We found 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 2010 and one from 2009:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Revised 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 Revenue Ledger to determine whether it included the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Two real estate tax receipts

We noted the Revenue Ledger included the proper number of tax settlement receipts for each year.

3. We selected three receipts from the State Distribution Transaction Lists (DTL) from 2010 and four from 2009. We also selected five receipts from the County Auditor's Vendor Audit Trail Report from 2010 and five from 2009.
 - a. We compared the amount from the DTL and the County Auditor's Vendor Audit Trail Report to the amount recorded in the Revenue Ledger. 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.
4. We confirmed the amounts paid from OPWC to the Township during 2010 and 2009 with the OPWC confirmation. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.

- b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior audit report, we noted the following note outstanding as of December 31, 2008. This amount agreed to the Township's January 1, 2009 balance on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2008:
Promissory Note	\$39,870

- 2. We inquired of management, and scanned the Receipts Ledger and Appropriation Ledger for evidence of debt issued during 2010 or 2009 or debt payment activity during 2010 or 2009. All debt noted agreed to the summary we used in step 3.
- 3. We obtained a summary of note debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to the gasoline tax fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. The Township paid off this debt during 2010. We found no exceptions.

Payroll Cash Disbursements

- 1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. 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 employees' personnel files and 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 and fund 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 scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 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 2010. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare	January 31, 2011	December 31, 2011	\$1,716	\$1,716
State income taxes	January 15, 2011	January 6, 2010	\$331	\$331
OPERS retirement	January 30, 2011	January 6, 2010	\$1,487	\$1,487

4. For the pay periods ended March 2, 2010 and August 5, 2009, we compared documentation and the recomputation supporting the allocation of Board salary amounts to the General and Gasoline Tax Funds. We found no exceptions.
5. For the pay periods described in the preceding step, we traced Board time or services performed to time or activity sheets. We found no exceptions.
6. We selected and recomputed the retirement payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the retirement date
 - c. The Township's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2010 and ten from the year ended December 31, 2009 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 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 Revised Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total amounts from the Amended Official Certificate of Estimated Resources, required by Ohio Revised Code, Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Motor Vehicle License Tax and Road and Bridge funds for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Motor Vehicle License Tax and Road and Bridge 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 Revised Code, Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Revised Code, Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the following funds: General, Motor Vehicle License Tax and Road and Bridge. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Revised Code, Section 5705.39, prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Motor Vehicle License Tax and Road and Bridge funds for the years ended December 31, 2010 and 2009. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Revised 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, 2010 and 2009 for the General, Motor Vehicle License Tax and Road and Bridge funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Revised Code, Section 5705.09, requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Revised Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Revised 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 Revised Code, Section 5705.13. We noted the Township did not establish these reserves.

Compliance – Contracts and Expenditures

1. We inquired of management and scanned the Vendor Listing report for the years ended December 31, 2010 and 2009 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 (Ohio Revised Code, Section 5549.21).
 - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Revised Code, Section 511.12).
 - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Revised Code, Sections 505.37 to 505.42).
 - d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Revised Code, Section 515.07).
 - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Revised Code, Section 505.264).
 - f. Private sewage collection tile costs exceeding \$25,000 (Ohio Revised 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 Revised Code, Section 505.37(A)).
 - h. Maintenance and repair of roads exceeding \$45,000 (Ohio Revised Code, Section 5575.01).
 - i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Revised Code, Section 5575.01).

We identified the 2009 Township Road 64 paving project and the 2010 Township Road 51 paving project exceeding \$45,000, subject to Ohio Revised Code Section 5575.01. For these projects, we noted the Board advertised the project in a local newspaper and selected the lowest responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 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 Revised Code, Section 5575.01, requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified three projects requiring the county engineer to complete a force account cost estimate. The Township obtained the force account project assessment form (i.e., cost estimate) from the county engineer, as required by Ohio Revised Code Section 5575.01.
3. For the road maintenance project described in step 1 above, we read the contract and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Revised Code, Sections 4115.04 and 4115.05. The contract included the Ohio Department of Commerce's schedule of prevailing rates, and also required the contractor to incorporate the prevailing wage requirements into its subcontracts.

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.

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

Dave Yost
Auditor of State

July 19, 2011

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JACKSON TOWNSHIP

SENECA 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
AUGUST 4, 2011