



Dave Yost • Auditor of State





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

Jackson Township  
Putnam County  
16477 Road 23-M  
Fort Jennings, Ohio 45844-9023

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Jackson Township, Putnam 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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2010 balances in the documentation in the prior year Agreed-Upon Procedures papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 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, 2012 and 2011 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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.

**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 2012 and one from 2011:
  - 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 2012 and 2011. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected all three receipts from the State Distribution Transaction Lists (DTL) from 2012 and all three receipts for 2011. We also selected five receipts from the County Auditor's Vendor History from 2012 and five from 2011.
  - a. We compared the amount from the above reports 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 that each homestead and rollback receipt was incorrectly posted to funds resulting in the December 31, 2012 fund balances being (understated) or overstated by the following amounts contrary to the requirements of Ohio Revised Code § 5705.10:

FUND	VARIANCE
General	\$8,999.95
Road and Bridge	(4,034.00)
Jennings Fire District	1,665.67
Kalida Fire District	(3,408.97)
Ottoville Fire District	(1,481.55)
Township Road Repair	(1,741.10)

The accounting records have been adjusted to correct these mispostings. We recommend the Fiscal Officer and Trustees review financial reports in the future to detect posting errors.

- c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid on behalf of the Township by the Putnam County Engineer during 2011 with the Putnam County Engineer. We noted the Township did not post \$11,500 spent on behalf of the Township in 2011 in the Capital Projects Fund. This resulted in intergovernmental revenues and capital outlay being understated in the Capital Projects Fund by \$11,500 in 2011. We recommend the Township post all on behalf monies.

### **Over-The-Counter Cash Receipts**

We haphazardly selected one over-the-counter cash receipt from the year ended December 31, 2012 recorded in the Receipt Register Report and determined whether the:

- a. Receipt amount agreed to the amount approved in the minutes. The amounts agreed.
- b. Receipt was posted to the proper fund and was 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, 2010.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted loan proceeds of \$114,935 and the corresponding payments to the vendor paid directly by Daimler Chrysler Financial Services, LLC were not recorded during 2011. We recommend the Fiscal Officer and Trustees review financial reports in the future to detect posting errors.
3. We obtained a summary of loan debt activity for 2012 and 2011 and agreed principal and interest payments to the related debt amortization schedule to the Gas Tax Fund payments reported in the Payment Register Detail Report. We also compared the date payments were due to the date the Township made the payments. We found no exceptions with date payments were made. We noted \$15,514 of principal and \$4,486 of interest payments in 2012 were incorrectly recorded as capital outlay expenditures. We also noted \$18,694 of principal and \$1,306 of interest payments in 2011 were incorrectly recorded as capital outlay expenditures. We recommend the Fiscal Officer and Trustees review financial reports in the future to detect posting errors.
4. We compared the amount of debt proceeds from the debt documents to amounts recorded per the Receipt Register Report. We noted loan proceeds of \$114,935 and the corresponding payments to the vendor paid directly by Daimler Chrysler Financial Services, LLC, were not recorded during 2011. As noted above in #2 and #3, we recommend the Fiscal Officer and Trustees review financial reports in the future to detect posting errors.
5. For new debt issued during 2011, we inspected the debt legislation, noting the Township must use the proceeds to purchase various equipment. We scanned the minutes and noted the Township purchased a dump truck in January of 2011.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 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 codes to which the check was posted were reasonable based on the employees' duties as documented in minute record or as required by statute. 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, 2012 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 2012. 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, 2013	December 31, 2012	\$1,922.83	\$1,922.83
State income taxes	January 15, 2013	December 31, 2012	1,619.42	1,619.42
OPERS retirement	January 30, 2013	December 31, 2012	372.13	372.13

- 3. For the pay periods ended August 23, 2012 and December 12, 2011, we recomputed the allocation of the Boards' per salaries to the General and Gas Tax Fund per the Employee Detail Adjustment Report. We found no exceptions.
- 4. 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.

**Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2012 and ten from the year ended December 31, 2011 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 one exception. A 2012 General Fund expense for \$366 was posted to the Gas Tax Fund. The accounting records have been adjusted to correct this misposting. We recommend the Fiscal Officer and Trustees review financial reports in the future to detect posting errors.
- 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 Gas Tax funds for the years ended December 31, 2012 and December 31, 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether for the General, Gas 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 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 2012 and 2011 for the following funds: General, Gas Tax, and Road and Bridge funds. 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, Motor Vehicle License, and Gas Tax funds for the years ended December 31, 2012 and 2011. 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, 2012 and 2011 for the General, Road and Bridge, and Motor Vehicle License 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 scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. 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 2012 and 2011 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 and Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2012 and 2011 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.

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

August 29, 2013





# Dave Yost • Auditor of State

**JACKSON TOWNSHIP**

**PUTNAM 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  
SEPTEMBER 12, 2013**