

**SALEM TOWNSHIP
WYANDOT COUNTY, OHIO**

AGREED UPON PROCEDURES

DECEMBER 31, 2014 and 2013



Dave Yost • Auditor of State

Board of Trustees
Salem Township
13011 Township Hwy 54
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Salem Township, Wyandot County, prepared by Maloney + Novotny LLC, for the period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Salem Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 6, 2015

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Donald J. Wolf, CPA
William D. Rogers, CPA
G. Michael Dickey, CPA

Independent Accountants' Report on Applying Agreed-Upon Procedures

Salem Township
Wyandot County, Ohio
13011 Township Hwy 54
Upper Sandusky, Ohio 43351

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Salem Township, Wyandot County, Ohio (the Township) and the Auditor of State 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, 2014 and 2013, 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, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Cash Journal to the December 31, 2012 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Cash Journal to the December 31, 2013 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2014 and 2013 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2014 bank reconciliation without exception.

Cash (Continued)

5. We inspected the Cash Journal to determine whether the Fund Adjustment identified in the prior management letter report due from the General Fund, payable to the Road and Bridge Fund, was properly posted to the report. The Fund Adjustment was not posted during years ended December 31, 2014 and 2013 but the Township has subsequently corrected and posted the Fund Adjustment.

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) from 2014 and one from 2013:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipts Journal report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Revised Code (ORC) 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 Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Journal Report included the proper number of tax receipts for each year.
3. We selected all four receipts from the State Distribution Transaction Lists (DTL) from 2014 and all five from 2013. We also selected five receipts from the County Auditor's DTLs from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Receipts Journal 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 documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Receipt Journal and the Cash Journal for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances, nor any debt payment activity during 2014 or 2013.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Payroll Record Book and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Record Book to supporting documentation (timecard, legislatively or statutorily – approved rate or salary). We found no exceptions.

Payroll Cash Disbursements (Continued)

- b. We recomputed gross and net pay and agreed it to the amount recorded in the Payroll Record Book. We found no exceptions.
 - c. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented on the payroll certifications 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, 2014 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 during 2014. We noted the following:

Withholding	Due Date	Date Paid	Amount W/H	Amount Paid
Federal Income Taxes & Medicare	January 31, 2015	December 27, 2014	311.30	311.30
State Income Taxes	January 31, 2015	December 29, 2014	145.40	145.40
School District Taxes	January 31, 2015	December 29, 2014	161.00	161.00
OPERS Retirement	January 31, 2015	December 29, 2014	863.06	863.06

3. For the pay periods ended December 31, 2014 and December 31, 2013, we recomputed the allocation of the Boards' salaries to the General Fund, Motor Vehicle License Revenue Fund, Gasoline Tax Fund and Road and Bridge Fund per the Employee Detail Adjustment Report. We found no exceptions.
4. For the pay periods described in the preceding step, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
5. We inquired of management and scanned the Cash Journal for the years ended December 31, 2014 and 2013 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 Cash Journal, we re-footed checks recorded as public works in the Motor License Tax Fund, Gasoline Tax Fund and the Road and Bridge Fund for 2014. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2014 and ten from the year ended December 31, 2013 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 image agreed to the check number, date, payee name and amount recorded in the Cash Journal and to the names and amounts on the supporting invoices. We found no exceptions.

Non-payroll Cash Disbursements (Continued)

- 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 ORC 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* (the *Certificate*) required by ORC Section 5705.36(A)(1), to the amounts recorded in the Receipts Journal for the General Fund, Motor Vehicle License Tax Fund, and the Gasoline Fund for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* were not recorded in the Receipts Journal. The fiscal officer should record the amounts on the *Certificate* in the Receipts Journal and compare amounts 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 2014 and 2013 to determine whether, for the General Fund, Road and Bridge Fund and the Fire District Fund, the Trustees appropriated separately for “each office”, department, and division, and within each, the amount appropriated for personal services,” as is required by ORC Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by ORC Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2014 and 2013 for the following funds: General Fund, Road and Bridge Fund, and Fire District Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
4. ORC Sections 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General Fund, Gasoline Tax Fund and the Motor Vehicle License Tax Fund for the years ended December 31, 2014 and 2013. We noted that the General Fund appropriations for 2014 and 2013 exceeded certified resources by \$6,420 due to a prior year entry, contrary to ORC Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
5. ORC 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, 2014 and 2013 for the General Fund, Gasoline Tax Fund and the Motor Vehicle License Tax Fund as recorded in the Appropriation Ledger. We noted no funds for which expenditures exceeded appropriations.
6. ORC Section 5705.09 requires establishing separate funds to segregate externally – restricted resources. We scanned the Receipt Journal for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which ORC Section 5705.09 would require the Township to establish a new fund.

Compliance – Budgetary (Continued)

7. We scanned the 2014 and 2013 Revenue Journal and Appropriation Ledger for evidence of interfund transfers which ORC 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 Ledger to determine whether the Township elected to establish reserve accounts permitted by ORC Section 5705.13. We noted the Township did not establish these reserves.
9. We scanned the Cash Journal for the years ended December 31, 2014 and 2013 for negative cash fund balance. ORC Section 5705.10 (I) provide 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 and Expenditures

1. We inquired of management and scanned the Cash Journal for the years ended December 31, 2014 and 2013 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 ORC 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, the Auditor of State and others within the Township and is not intended to be, and should not be used by anyone other than these specified parties.

Meloney + Novotny LLC

Delaware, Ohio
June 5, 2015

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Dave Yost • Auditor of State

SALEM TOWNSHIP

WYANDOT 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 20, 2015**