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Certified Public Accountants, A.C.

**SALEM TOWNSHIP
WYANDOT COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2016 and 2015**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Salem Township, Wyandot County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2015 through December 31, 2016. 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

June 29, 2017

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**SALEM TOWNSHIP
WYANDOT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

June 9, 2017

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

To the Board of Trustees:

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of **Salem Township**, Wyandot County, Ohio (the Township) and the Auditor of State, on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. 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 recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Cash Journal to the December 31, 2014 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We noted the amounts did not agree due to an adjustment from the 2011-2012 regular audit that was not made until June 26, 2015. We found no other exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Cash Journal to the December 31, 2015 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, 2016 and 2015 fund cash balances reported in the Cash Journal. The amounts agreed.

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Cash (Continued)

4. We confirmed the December 31, 2016 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, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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 haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipts Journal. The amounts agreed.
 - b. We inspected the Receipts Journal to confirm 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 inspected the Receipts Journal to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipts Journal to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipts Journal included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2016 and all from 2015. We also haphazardly selected five receipts from the County Auditor's Expenditure History by Vendor Report from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Receipts Journal. The amounts agreed.
 - b. We inspected the Receipts Journal to determine that these receipts were allocated to the proper funds. We noted homestead and rollback receipts were allocated to the General, Road and Bridge, and Fire Levy Funds incorrectly. The Township has posted an adjustment to their accounting system increasing the General and Road and Bridge Funds by \$264 and \$1,228 respectively and decreasing the Fire Levy Fund by \$1,492. We found no other exceptions.
 - c. We inspected the Receipts Journal to determine 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, 2014.
2. We inquired of management, and inspected the Receipts Journal and Appropriation Ledger for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in Step 3.

Debt (Continued)

3. We obtained a summary of the lease debt activity for 2016 and 2015 and agreed principal and interest payments reported from the related debt amortization schedules to the Road and Bridge 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. We found the Township did not properly record the principal and interest payment in 2016. The principal and interest payment was incorrectly posted to Capital Outlay instead of Principal Retirement and Interest Charges. We found no other exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Road and Bridge Fund per the Receipt Register Report. The amounts did not agree. The Township did not record the debt proceeds or corresponding capital outlay to the accounting system in 2015.
5. For new debt issued during 2015, we inspected the debt legislation, noting the Township must use the proceeds to purchase a tractor and loader. We were unable to determine if the Township purchased a tractor and loader by reviewing the accounting system due to the Township not recording debt proceeds and the corresponding capital outlay. However, we reviewed the loan documents noting the Township purchased a tractor and loader in March of 2015.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Payroll Record and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Record to supporting documentation (timecard, 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 Record. We found no exceptions.
 - c. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm the 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 2016. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	January 22, 2017	\$ 881.56	\$ 881.56
State income taxes	January 31, 2017	January 17, 2017	\$ 139.32	\$ 139.32
OPERS retirement	January 30, 2017	January 16, 2017	\$ 969.36	\$ 969.36
School District Tax	January 31, 2017	January 17, 2017	\$ 201.32	\$ 201.32

Payroll Cash Disbursements (Continued)

3. For the pay periods ended July 31, 2016 and March 31, 2015, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General, Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Funds per the Appropriation Ledger. 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 inspected the Appropriation Ledger for the years ended December 31, 2016 and 2015 to determine if Township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements were made in compliance with ORC 505.60 and 505.601 and federal regulations. However, we found that insurance reimbursements were not properly allocated to the funds based upon the signed payroll certification forms. The Township has posted an adjustment to their accounting system increasing the Road and Bridge Fund by \$2,526 and decreasing the Motor Vehicle License Tax and Gasoline Tax Funds by \$76 and \$2,450 respectively.

Non-Payroll Cash Disbursements

1. From the Appropriations Ledger, we re-footed checks recorded as General Fund disbursements for *health*, and checks recorded as *public safety* in the Special Levy Fire Fund for 2016. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2016 and ten from the year ended 2015 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 Cash Journal 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 two instances in 2015 where the certification date per the *Then and Now Certificate* was after the vendor invoice date. Ohio Rev. Code Section 5705.41 (D) requires certifying at the time of 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 License Tax, and Gasoline Tax Funds for the years ended December 31, 2016 and 2015. 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.

Compliance – Budgetary (Continued)

2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Motor Vehicle License Tax, and Gasoline Tax 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 Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2016 and 2015 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger except the General Fund in 2016. The amount on the appropriation resolution was \$158,412, while the Appropriation Ledger reported the amount as \$152,912. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Ledger to amounts recorded on the appropriation resolution to assure they agree. If the amounts do not agree, Trustees may be using inaccurate information for budgeting and monitoring purposes.
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 Tax, and Gasoline Tax Funds for the years ended December 31, 2016 and 2015. 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, 2016 and 2015 for the General, Motor Vehicle License Tax, and Gasoline Tax Funds, as recorded in the Appropriation Ledger. 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 inspected the Receipts Journal for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Township received new restricted receipts. The Township did not establish a Capital Projects Fund during 2016 and 2015 to segregate Ohio Public Works Project grant receipts and disbursements, in compliance with Section 5705.09.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. We noted all the required funds were established, except for the Capital Projects Fund noted above, and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2016 and 2015 Receipts Journals and Appropriation Ledgers for evidence of interfund transfers exceeding \$1,000 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.
9. We inquired of management and inspected the Appropriation 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.

Compliance – Budgetary (Continued)

10. We inspected the Cash Journal for the years ended December 31, 2016 and 2015 for negative cash fund balances. 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. No funds had a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2016 and 2015 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.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. No exceptions noted.
2. We inquired of the fiscal officer and/or inspected the Fiscal Integrity Act Portal to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. We noted the Fiscal Officer's term ended on March 31, 2016 and his new term began April 1, 2016. The required training did not apply to his past term. The Fiscal Officer still has the rest of his new term to complete the required training. No exceptions noted.

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

This report is for the use of the Township to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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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
JULY 11, 2017**