



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Williamsfield Township
Ashtabula County
PO Box 157
Williamsfield, Ohio 44093

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Williamsfield 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, 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 and Investments

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 confirmed the December 31, 2010 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, 2010 bank reconciliation without exception.

Cash and Investments - (Continued)

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 an interbank account transfer occurring in December of 2009 to determine if it was properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2010 and December 31, 2009 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes and Intergovernmental 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 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 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 one receipt from the State Distribution Transaction Lists (DTL) from 2010 and one from 2009. We also selected five receipts from the County Auditor's Vendor History Report from 2010 and five from 2009.
 - a. We compared the amount from the DTLs and County Auditor Vendor History Reports 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.

Debt

1. From the prior audit report, we noted the following OPWC loans outstanding as of December 31, 2008. These amounts agreed to the Townships January 1, 2009 balances on the summary we used in step 3.

| <u>Issue</u> | <u>Principal outstanding as of December 31, 2008:</u> |
|-----------------------------------|---|
| OPWC Twitchell Rd. Widening | \$7,918 |
| OPWC Twitchell Rd. Reconstruction | \$9,558 |

2. We inquired of management, and scanned the Revenue Ledger and Payment Register Detail Report 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 loan debt activity for 2010 and 2009 and agreed principal (OPWC loans are interest-free) payments from the related debt amortization schedules to Permissive Motor Vehicle License Tax Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. 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 Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Detail Report to supporting documentation (time sheet, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the checks were posted were reasonable based on the trustees and employees' duties as documented on employee time sheets or by resolution. 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, 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 & Medicare | January 31, 2011 | December 27, 2010 | \$665 | \$665 |
| State income taxes | January 15, 2011 | December 27, 2010 | \$280 | \$280 |
| OPERS retirement | January 30, 2011 | December 27, 2010 | \$2,984 | \$2,984 |
| Ohio Deferred Compensation | January 31, 2011 | December 27, 2010 | \$90 | \$90 |

Payroll Cash Disbursements – (Continued)

3. For the pay periods ended February 22, 2010 and June 2, 2009, we compared documentation and the re-computation supporting the allocation of Trustees' salaries to the General, Gas Tax and Road & Bridge Funds. There was no documentation or re-computation to support the allocation of Trustees' salaries other than a Board Resolution.
4. For the years ended December 31, 2010 and 2009, we were unable to trace the Board of Trustees' time or services performed to time or activity sheets.

A board of trustees is authorized by **Ohio Rev. Code §505.24** to pay trustees' salaries from the general fund or other township funds. **OAG Opinion 2004-036** requires trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. If trustees do not document their time, then no part of salaries may be paid from the restricted funds.

During 2009, Trustee Thomas Lahti's salary of \$9,004 was paid from the Road and Bridge Fund and Trustee Tom Martin's salary of \$9,004 was paid from the Gasoline Tax Fund. During 2010, Trustee Gary Babb's salary of \$10,288 was paid from the Road and Bridge Fund and Trustee Tom Martin's salary of \$10,288 was paid from the Gasoline Tax Fund. There was no evidence that either of these salaried Trustees had documented their time spent and type of services performed as required by OAG Opinion 2004-036 to support the payments made from the restricted funds.

The adjustment to properly return these monies to the Road and Bridge Fund and the Gasoline Tax Fund is as follows:

| FUND | FUND BALANCE DECEMBER 31, 2010 |
|-----------------|-----------------------------------|
| General | (\$ 38,584) |
| Road and Bridge | 19,292 |
| Gasoline Tax | 19,292 |

In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund in the amount of \$38,584 and in favor of the Road and Bridge Fund and Gasoline Tax Fund in the amounts of \$19,292 and \$19,292 respectively. The Township officials have declined to record this adjustment.

We recommend the Township follow the guidelines from recently enacted House Bill 153 whenever it is determined to compensate the Trustees and/or the Fiscal Officer from funds other than the General Fund. Each Township Trustee and Fiscal Officer that is compensated from funds other than the General Fund must complete a certification of time spent working on matters that are related to the other funds prior to receiving their pay for that pay period. Management intends to repay the money gradually to 2012.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended 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 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 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 no exceptions.

Compliance – Budgetary

1. We compared the total amounts 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 & Bridge and Recreation Funds for the years ended December 31, 2010 and 2009. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except as noted below. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Road & Bridge, and Recreation Funds of \$118,576, \$138,700, and \$37,500, respectively for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$194,829, \$246,280, and \$96,742, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Road & Bridge and Recreation Funds of \$270,187, \$221,606 and \$37,906, respectively for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$278,568, \$211,890 and \$86,327, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* 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 2010 and 2009 to determine whether, for the General, Road & Bridge and Recreation 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 2010 and 2009 for the following funds: General, Road & Bridge and Recreation Funds. Except for the General Fund in 2010 (appropriation resolution of \$132,211, Appropriation Status Report of \$137,462), the amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road & Bridge and Recreation Funds for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 for the General, Road & Bridge and Recreation Funds, as recorded in the Appropriation Status Report. 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 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. The Township established the NOPEC Grant Fund during 2010 to segregate NOPEC Grant receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210.
7. We scanned the 2010 and 2009 Revenue Ledger and Appropriation Status Reports for evidence of inter-fund transfers exceeding \$5,000 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.
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 & Expenditures

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

We identified a street paving project exceeding \$25,000, subject to Ohio Rev. Code Section 5549.21. For this project, we noted that 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 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.

Officials' Responses' to the Exceptions Noted:

Payroll Cash Disbursements

The Fiscal Officer will repay the finding for adjustment gradually in 2012.

Budgeted Receipts

The Fiscal Officer will post amounts to the Revenue Status Report as provided by/reflected on the final (most recent) Amended Certificate of Estimated Resources.

Appropriations

The Fiscal Officer will ensure that appropriations per the Appropriation Resolution and Appropriation Status Report are in agreement.

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

December 12, 2011

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WILLIAMSFIELD TOWNSHIP

ASHTABULA 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
JANUARY 19, 2012**