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Certified Public Accountants, A.C.

**CANAAN TOWNSHIP  
WAYNE COUNTY  
Agreed-Upon Procedures  
For the Years Ended December 31, 2015 and 2014**

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*...“bringing more to the table”*

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
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Members: American Institute of Certified Public Accountants

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Trustees  
Canaan Township  
150 Myers Street  
Creston, Ohio 44217

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Canaan Township, Wayne County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2014 through December 31, 2015. 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. Canaan 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

July 25, 2016

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CANAAN TOWNSHIP  
WAYNE COUNTY

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

June 17, 2016

Canaan Township  
Wayne County  
150 Myers Street  
Creston, Ohio 44217

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of **Canaan Township**, Wayne 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, 2015 and 2014, 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, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2013 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2014 balances in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. We found no exceptions.



...*"bringing more to the table"*

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**Cash (Continued)**

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. The amounts agreed in 2014, however we noted a variance of \$41.61 at December 31, 2015.
4. We confirmed the December 31, 2015 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amounts appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 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.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2015 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Revenue Ledger. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

**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 2015 and one from 2014:
  - 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 two real estate tax receipts for 2015 and 2014. We noted the Revenue Ledger included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2015 and five from 2014. We also selected five receipts from the Wayne County Auditor's Vendor Audit Trail report from 2015 and five from 2014.
  - a. We compared the amount from the above 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.

**Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)**

4. We agreed the amounts paid from FEMA to the Township during 2015 to the supporting documentation. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions. However, we noted the receipt was recorded as miscellaneous instead of intergovernmental receipts.
  - b. We determined whether the receipt were recorded in the proper year. We found no exceptions.
  
5. We agreed the amounts paid from Wayne County Auditor for a Haz Mat claim recorded to Miscellaneous Revenue to the Township during 2015 with Wayne County Auditor. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions. However, we noted the receipt was recorded as miscellaneous instead of intergovernmental receipts.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.
  
6. We agreed the amounts paid from General Federal Financial to the Township during 2015 to the supporting documentation. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Over-The-Counter Cash Receipts**

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2015, and 10 over-the-counter cash receipts from the year ended December 31, 2014 recorded in the Revenue Ledger and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Revenue Ledger. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper funds and was recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we noted the following loan outstanding as of December 31, 2013. This amount did not agree to the Townships January 1, 2014 balances on the summary we used in step 3. We noted the prior audit report indicated a balance of \$134,275, however the actual balance as of December 31, 2013 was \$133,247.

Issue	Principal outstanding as of December 31, 2013:
Wayne Savings Loan	\$133,247

**Debt (Continued)**

2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. We noted no new debt issuances during 2015 or 2014.
3. We obtained a summary of loan debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedule to Fire 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 noted principal and interest payments were not correctly posted to the appropriation ledger. We noted no other exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2015 and one payroll check for five employees from 2014 from the Wage Detail Reports and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Reports 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. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether the remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employers share, where applicable, during the final withholding period of 2015. 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, 2016	December 31, 2015	\$ 1,993.71	\$ 1,993.71
State income taxes	January 15, 2016	December 31, 2015	\$ 299.82	\$ 299.82
OPERS retirement	January 30, 2016	January 14, 2016	\$ 1,251.40	\$ 1,251.40
Local School	January 30, 2016	December 31, 2015	\$ 141.49	\$ 141.49
Police and Fire Pension	January 30, 2016	December 31, 2015	\$ 446.19	\$ 446.19

3. For the pay periods ended November 30, 2015 and July 31, 2014, we recomputed the allocation of the Boards' salaries to the General and Gas Tax Fund per the Employee Detail Adjustment Report. We found no exceptions.

#### **Payroll Cash Disbursements (Continued)**

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.
5. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2015 and 2014 to determine if Township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.

#### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Appropriations Ledger for the year ended December 31, 2015 and ten from the year ended 2014 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 Detailed 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 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, Fire and EMS Fund, and Road and Bridge Fund for the years ended December 31, 2015 and 2014. The amounts on the Certificate agreed to the amounts recorded in the accounting system, except for the General, EMS and Fire Fund, and the Road and Bridge Fund for the year ended December 31, 2015. The Comparison of Budgeted and Actual Receipts recorded budgeted (i.e. certified) resources for the General, Fire and EMS Fund and Road and Bridge Fund of \$76,833, \$300,000 and \$230,800, respectively for 2015. However, the final Amended Official Certificate of Estimated Resources reflected \$83,853, \$375,768, and \$297,109, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Ledger 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 2015 and 2014 to determine whether, for the General, EMS and Fire Fund, and the Road and Bridge Fund, 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.

**Compliance – Budgetary (Continued)**

3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Comparison of Cash Disbursements and Encumbrances with Expenditure Authority Report for 2015 and 2014 for the following funds: General, Fire and EMS, and Road and Bridge. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Cash Disbursements and Encumbrances with Expenditure Authority.
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, EMS and Fire Fund, and the Road and Bridge Fund for the years ended December 31, 2015 and 2014. 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, 2015 and 2014 for the General, Fire and EMS Fund, and the Road and Bridge, as recorded in the Comparison of Cash Disbursements and Encumbrances with Expenditure Authority. 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 Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. 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 2015 and 2014 Revenue Ledgers and Appropriation Ledger 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.
8. We inquired of management and scanned 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.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2015 and 2014 for negative cash fund balance. 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. We noted no funds having negative cash fund balances.

**Other Compliance**

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Township filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. We noted that the township did not file notes as part of the annual financial reporting for 2015. No other exceptions were noted.

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 and 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

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# Dave Yost • Auditor of State

**CANAAN TOWNSHIP**

**WAYNE 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, 2016**