



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Jackson Township
Hardin County
307 S. Patterson Street
Forest, Ohio 45843

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Jackson Township, Hardin County (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, 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 and Investments

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 Fund Ledger Report 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 Fund Ledger Report to the December 31, 2014 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, 2015 and 2014 fund cash balances reported in the Fund Status Reports. The amounts agreed.
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 balances 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 Payment Listing, to determine the debits were dated prior to December 31. We noted no exceptions.

Cash and Investments (Continued)

6. We inspected the Fund Ledger Report to determine whether the Findings for Adjustment identified in the prior audit report, due from the Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Cemetery Fund, payable to the General Fund, was properly posted to the report. We found no exceptions.
7. We tested investments held at December 31, 2015 and December 31, 2014 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

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 Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.

We did note that the 2015 1st half Cemetery Fund auditor and treasurer fees in the amount of \$579 were recorded in the General Fund with receipt number 42-2015 rather than the Cemetery Fund. Also, the 2014 2nd half Cemetery Fund auditor and treasurer fees in the amount of \$154 were recorded in the General Fund with receipt number 102-2014 rather than the Cemetery Fund. These errors result in the overstatement of the General Fund and the understatement of the Cemetery Fund by \$733

The Township should adjust their accounting records to correct these recording errors. Also a review should be performed to determine the existence of other similar errors.

Control procedures should be developed to help prevent and detect recording errors.

- 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 Receipt Register Report to determine whether it included two real estate tax receipts for 2015 and 2014. We noted the Revenue Receipts Register Report included the proper number of tax receipts for each year.
3. We selected four receipts from the State Distribution Transaction Lists (DTL) from 2015 and four from 2014. We also selected five receipts from the County Auditor's Expenditure History by Vendor Report from 2015 and five from 2014.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). In 2015, Homestead and Rollback receipts in the amount of \$12.45 and \$12.92, were recorded in the General Fund instead of the Cemetery Fund and Special Levy Fire and EMS Fund, respectively. In 2014, Homestead and Rollback receipts in the amount of \$2,545.58 were recorded in the General Fund instead of the Cemetery Fund.

Property Taxes and Intergovernmental (Continued)

Ohio Rev. Code § 5705.10 (C) All revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. In 2015, Homestead and Rollback receipts, in the amount of \$12 and \$13, were recorded in the General Fund instead of the Cemetery Fund and Special Levy Fire and EMS Fund, respectively. In 2014, Homestead and Rollback receipts in the amount of \$2,545 were recorded in the General Fund instead of the Cemetery Fund.

The recording of restricted receipts in the wrong fund increases the risk funding will be illegally spent.

The Township should adjust their accounting records to correct these recording errors. Also a review should be performed to determine the existence of other similar errors.

Control procedures should be developed to help prevent and detect recording errors.

- c. We determined whether the receipts were recorded in the proper year. A gasoline tax receipt in the amount of \$4,747, dated November 25, 2014 in the County Auditor's Expenditure History by Vendor Report was not recorded until 2015 with receipt number 3-2015. The failure to deposit and record receipts timely increases the risk of the loss and/or misuse of funding.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2013.
2. We inquired of management, and scanned the Revenue Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. We noted no new debt issuances, nor any debt payment activity during 2015 or 2014.

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 Payment Register Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payment Register Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files 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 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 2015. We noted the following:

Payroll Cash Disbursements (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2016	January 15, 2016	\$758.80	\$758.80
State income taxes	January 31, 2016	January 19, 2016	\$229.29	\$229.29
Riverdale School Income Tax	January 31, 2016	January 19, 2016	\$185.79	\$185.79
Village of Forest Income Tax	January 31, 2016	January 19, 2016	\$110.65	\$110.65
OPERS retirement	January 31, 2016	January 5, 2016	\$606.02	\$606.02

3. For the pay periods ended August 17, 2015 and March 17, 2014, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General, Road and Bridge and Cemetery Funds per the Payment Register Detail 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 Payment Register Detail Report 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. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report 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 Detail Report and to the names and amounts on the supporting invoices.

Check numbers 12852, 12449, and 12493 were manually written and the dates recorded in the Payment Register Detail Report did not agree to the date on the check. Check number 12886 was marked as cleared in the Payment Register Detail Report, however check number 12878, which was marked as voided, cleared the bank for the same transaction. Cancelled check number 13214 was recorded in the Payment Register Detail Report as check number 13215. Cancelled check number 12695 was recorded in the Payment Register Detail Report as check number 12689.

An inconsistency between check numbers and dates on the physical checks and the accounting reports increases the risk of errors and/or irregularities occurring and not being detected.

The accounting records and checks should be reviewed to identify such errors. When identified an explanation should be documented and brought to the attention of the Trustees.

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 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, Gasoline Tax and Cemetery funds for the years ended December 31, 2015 and 2014. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General Fund and Cemetery Fund.

In 2015, the Revenue Status Report reported budgeted receipts of \$81,896 for the General Fund and \$48,100 for the Cemetery Fund. The final *Amended Official Certificate of Estimated Resources* reflected \$67,310 for the General Fund and \$51,143 for the Cemetery Fund. In 2014, the Revenue Status Report reported budgeted receipts of \$68,710 for the General Fund and \$50,100 for the Cemetery Fund. The final *Amended Official Certificate of Estimated Resources* reflected \$66,994 for the General Fund and \$50,259 for the Cemetery Fund.

Errors in the budgeted amounts recorded in the accounting system may lead to budgetary compliance issues and inhibits the ability to make correct budget and financial decisions.

The Fiscal Officer and Trustees should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to ensure they agree.

2. We scanned the appropriation measures adopted for 2015 and 2014 to determine whether, for the General, Gas Tax and Cemetery 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 2015 and 2014 for the following funds: General, Gasoline Tax, and Cemetery 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, Gasoline Tax and Cemetery funds 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, Gasoline Tax and Cemetery fund, 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 Receipt Register Report 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 Status Reports and Appropriation Status Reports for evidence of inter-fund transfers exceeding \$2,000 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.
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 a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2015 and 2014 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 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. No exceptions noted
2. We inquired of the fiscal officer to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer obtained the required training.

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

Columbus, Ohio

September 9, 2016

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JACKSON TOWNSHIP

HARDIN 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
OCTOBER 11, 2016