



Dave Yost • Auditor of State



CLAYTON TOWNSHIP  
PERRY COUNTY

TABLE OF CONTENTS

**TITLE** \_\_\_\_\_ **PAGE**

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

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Clayton Township  
Perry County  
9090 TR 169A NE  
New Lexington, Ohio 43764

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Clayton Township, Perry County, Ohio (the Township), 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 and Investments

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 Fund Ledger Report to the December 31, 2014 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 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, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 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, 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. There were no exceptions.

### **Cash and Investments (Continued)**

6. We inspected investments held at December 31, 2016 and December 31, 2015 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. 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 Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipts Register Report included the proper number of tax receipts for each year.
3. We haphazardly 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 Appropriation History Report from 2016 and five from 2015.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper fund(s). We found no exceptions.
  - c. We inspected the Receipts Detail Report 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 Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. There were no new debt issuances or any debt payment activity during 2016 or 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 Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

**Payroll Cash Disbursements (Continued)**

- b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we inspected the employees' personnel file and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
    - a. Name.
    - b. Authorized salary or pay rate.
    - c. Department(s) and fund(s) to which the check should be charged.
    - d. Retirement system participation and payroll withholding.
    - e. Federal, State & Local income tax withholding authorization and withholding.
    - f. Any other deduction authorizations (deferred compensation, etc.).

We found no exceptions related to steps a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm 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 observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	1/31/17	12/27/16	\$1,255	\$1,255
State income taxes	1/15/17	12/27/16	\$402	\$402
OPERS retirement	1/30/17	12/27/16	\$1,445	\$1,445

4. We inquired of management and inspected the Wage Detail Report 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. No such reimbursements occurred.

**Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Detail Report 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 Payment Register Detail Report and to the names and amounts on the supporting invoices, except we noted the Township did not maintain a voucher packet for 20 percent of checks selected for testing in 2016, totaling \$297. Therefore, these expenditures could not be agreed to supporting invoices. The Township should maintain supporting documentation for all expenditures on file. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.
- 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 § 5705.41(D). We found no exceptions; however, as noted in step b. above, the Township did not have supporting invoices for 20 percent of expenditures tested in 2016. Therefore, we could not determine if these disbursements were properly certified prior to commitment.

## Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources* required by Ohio Rev. Code § 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Motor Vehicle License Tax and Road and Bridge Funds for the years ended December 31, 2016 and 2015. For the year ended December 31, 2016, the amounts on the *Amended Certificate* agreed to the amounts recorded in the accounting system, except for the Cemetery Fund. The Revenue Status Report recorded budgeted (i.e., amended certified) resources for the Cemetery Fund of \$2,300; however, the final *Amended Official Certificate of Estimated Resources* reflected \$5,000. For the year ended December 31, 2015, the Revenue Status Report recorded budgeted (i.e., amended certified) resources for the General Fund of \$79,650; however, the *Amended Certificate* reflected \$80,044. In addition, the Revenue Status Report recorded budgeted (i.e., amended certified) resources for the Gasoline Tax Fund of \$85,020; however, the *Amended Certificate* reflected \$85,867. Also, the Revenue Status Report recorded budgeted (i.e., amended certified) resources for the Cemetery Fund of \$5,300; however, the *Amended Certificate* reflected \$5,407. 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 inspected the appropriation measure adopted for 2016 to determine whether, for the General, Fire, and Emergency Medical Services 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 § 5705.38(C). We found no exceptions. For 2015, no evidence could be obtained of an appropriation measure formally adopted by the Board of Trustees and there was no evidence that 2015 appropriations were authorized by the County Budget Commission. The Township should formally adopt an annual appropriation measure to meet the ordinary expenses of the Township each year. The approval of permanent appropriations should also be documented within the Township minutes. In addition, the Fiscal Officer should file the approved appropriation measure with the County Budget Commission.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2016 for the following funds: General, Motor Vehicle and Road and Bridge. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report for 2016. As noted in step 2 above, a formally adopted appropriation measure for 2015 could not be obtained from the Township.
4. Ohio Rev. Code §§ 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, Cemetery and Gasoline Tax Funds for the years ended December 31, 2016 and 2015. For 2016, there were no funds for which appropriations exceeded certified resources. For 2015, as noted in step 2 above, a formally adopted appropriation measure could not be obtained. Comparison of appropriations recorded in the Appropriation Status Report to total certified resources for the aforementioned funds noted no exceptions for 2015.
5. Ohio Rev. Code § 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, Fire and Emergency Medical Services Funds, as recorded in the Appropriation Status Report. For 2016, there were no funds for which expenditures exceeded appropriations. For 2015, as noted in step 2 above, a formally adopted appropriation measure could not be provided therefore all expenditures would exceed legally adopted appropriations. Comparison of total expenditures to total appropriations recorded in the Appropriation Status Report noted no exceptions for 2015.

### **Compliance – Budgetary (Continued)**

6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report 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. We observed no evidence of new restricted receipts for which Ohio Rev. Code § 5705.09 would require the Township to establish a new fund.
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. All the required funds were established 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 Revenue Status Reports and Appropriation Status Reports for evidence of inter fund transfers exceeding \$10 which Ohio Rev. Code §§ 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which § 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balances. Ohio Rev. Code § 5705.10 (l) 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 balances.

### **Compliance – Contracts & Expenditures**

We inquired of management and inspected the Payment Register Detail Report 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 § 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**

Ohio Rev. Code § 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 2015-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. There were no exceptions.

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.

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

July 17, 2017



# Dave Yost • Auditor of State

CLAYTON TOWNSHIP

PERRY 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 1, 2017