



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Oxford Township
Erie County
11104 Ransom Road
Monroeville, Ohio 44847-9670

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees (the Board) and the management of Oxford Township, Erie 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 audited statements. 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 December 31, 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 institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing on the December 31, 2016 bank reconciliation. We noted the confirmed balances were \$317 less than the amounts appearing in the December 31, 2016 bank reconciliation. The Fiscal Officer should ensure the proper bank account balances are reflected in the monthly bank reconciliation. The failure to correctly record the bank balances results in an inaccurate bank reconciliation.

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 one exception. The Fiscal Officer is carrying an other adjusting factor in the amount \$1,412 on the December 31, 2016 bank reconciliation. No support could be provided for this adjusting factor. Accordingly, the other adjusting factor could not be traced to subsequent redemption. The Fiscal Officer should determine the cause(s) of the other adjusting factor and take the appropriate steps to ensure the item is resolved and removed from the monthly reconciliation, including posting any necessary adjustments to the accounting system.
 - b. Where applicable, we traced the amounts and dates to the Outstanding Payments Report, to determine the debits were dated prior to December 31. We were unable to trace the other adjusting factor described in Step 5.a above to support. The Fiscal Officer should determine the cause(s) of the other adjusting factor and take the appropriate steps to ensure the item is resolved and removed from the monthly reconciliation, including posting any necessary adjustments to the accounting system. There were no other exceptions.
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 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 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 Revenue Ledger Report. The amounts agreed.
 - b. We inspected the Revenue Ledger Report 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 Revenue Ledger Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Revenue Ledger Report 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 2015. We also haphazardly selected five receipts from the Erie County Auditor Local Government Confirmation from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.

- b. We inspected the Revenue Ledger Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
- c. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior audit documentation, we observed the following loan and leases were outstanding as of December 31, 2014. These amounts agreed to the Township's January 1, 2015 balances on the summary we used in step 3, with the exception of the Backhoe Loader Lease-Purchase.

Issue	Principal outstanding as of December 31, 2014:
OPWC Loan – Peru Center Culvert Replacement	\$1,963
Backhoe Loader Lease-Purchase	10,138
Tractor and Mower Lease-Purchase	12,192

- 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. All debt agreed to the summary we used in step 3.
- 3. We obtained a summary of loan and lease-purchase debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to Gasoline Tax Fund, General Fund, and Road and Bridge Fund payments reported in the Payment Register Detail Report. To the extent that the General Fund contains moneys that are not subject to any limitation against expenditure for road and bridge purposes, those moneys may be expended directly for road and bridge purposes, provided that those moneys can be separately identified and have not been comingled with other moneys that cannot be used for road and bridge purposes. Since the Township's General Fund co-mingles moneys that both can and cannot be used for road and bridge purposes, we recommend Backhoe Loader Lease-Purchase debt service disbursements, which are related to Township road and bridge purposes, first be transferred from the Township's General Fund to its Road and Bridge Fund with the disbursement then being made from the Road and Bridge Fund. There is no effect on ending fund balances, so no adjustments to the accounting system are necessary.

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 Earnings Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Earnings Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account code to which the check was posted to determine the posting was reasonable based on the employee's 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 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 and Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	January 5, 2017	\$622	\$622
State income taxes	January 17, 2017	January 5, 2017	126	126
OPERS retirement	January 30, 2017	January 5, 2017	1,855	1,855

3. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if Township employees and/or Board members 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 December 31, 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. 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. During 2015 we found one disbursement in the amount of \$77 for road and bridge purposes that was paid from the General Fund. To the extent that the General Fund contains moneys that are not subject to any limitation against expenditure for road and bridge purposes, those moneys may be expended directly for road and bridge purposes, provided that those moneys can be separately identified and have not been comingled with other moneys that cannot be used for road and bridge purposes. Since the Township's General Fund co-mingles moneys that both can and cannot be used for road and bridge purposes, we recommend disbursements related to Township road and bridge purposes first be transferred from the Township's General Fund to its Road and Bridge Fund with the disbursement then being made from the Road and Bridge Fund. There is no effect on ending fund balances, so no adjustments to the accounting system are necessary. However, because we did not inspect all non-payroll disbursements, our report provides no assurance regarding whether or not similar errors occurred.

- 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 where disbursements requiring certification were not certified and four instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect 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* (the *Certificate*), 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 Road and Bridge funds for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* did not agree to the amounts recorded in the accounting system for the General, Gasoline Tax, and Road and Bridge funds in 2016. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Gasoline Tax, and Road and Bridge funds of \$130,927, \$86,700, and \$52,979, respectively. However, the final *Certificate* reflected \$136,216, \$84,350, and \$44,906, respectively. The amounts on the *Certificate* agreed to the amounts recorded in the accounting system in 2015, except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$127,394. However, the final *Certificate* reflected \$126,893. 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 Board may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Gasoline Tax, and Road and Bridge funds, the Board 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 Reports for 2016 and 2015 for the following funds: General, Gasoline Tax, and Road and Bridge. The amounts on the appropriation measures agreed to the amounts recorded in the Appropriation Status Reports.
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 Road and Bridge funds for the years ended December 31, 2016 and 2015. There were 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, Gasoline Tax, and Road and Bridge funds, as recorded in the Appropriation Status Report. There were 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 Receipt Register Report for evidence of new restricted receipts requiring a new fund during the years ended 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 Section 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 of 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 interfund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. The Township transferred \$25,000 from the Road and Bridge Fund to the Fire and Rescue, Ambulance and EMS Services Fund during 2016. Ohio Rev. Code Section 5705.16 does not permit this transfer without approval of the Tax Commissioner and the Court of Common Pleas. The Township did not obtain this approval. The Township subsequently returned the transferred moneys from the Fire and Rescue, Ambulance and EMS Services Fund to the Road and Bridge Fund during 2016. There is no effect on ending balances, so no adjustments to the accounting system are necessary. Transfers should be made in accordance with the provisions outlined above.
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 Section 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 Section 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts and 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 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

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. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refile complete financial statements, as defined in AOS Bulletin 2015-007 in the HINKLE System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. We confirmed the Township filed its complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy 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 its 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

October 19, 2017

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OXFORD TOWNSHIP

ERIE 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
NOVEMBER 16, 2017**