



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

German Township  
Clark County  
3940 Lawrenceville Drive  
Springfield, Ohio 45504

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of German Township (the Township) on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2019 and 2018 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, 2019 and 2018 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, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 balances to documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 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, 2019 and 2018 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balances with the Township's financial institutions and Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2019 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2019 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statements. We found no exceptions.

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

- 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 inspected the Fund Balance Adjustment Detail Report to determine whether the Finding For Adjustment identified in the prior agreed-upon procedures report, due from the Road District fund, payable to the Road and Bridge fund, was properly posted to the report. We found no exceptions.
7. We traced interbank account transfers occurring in December of 2019 and 2018 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2019 and December 31, 2018 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 found no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the Vendor Activity Report for Clark County for 2019 and a total of five from 2018:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to determine these receipts were 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 Receipt Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Detail Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We confirmed the total amount paid from Mad River Township, Village of Tremont City, and Medicount Management to the Township during 2019 and 2018 with the Township, Village, and Medicount Management. We found one exception. The amount confirmed by Medicount Management in 2019 was \$93 lower than the amount the Township recorded.
  - a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds.
  - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found one exception. The November 2019 Medicount Management receipt was posted by the Township in 2020. The Township should implement procedures to verify receipts are timely posted to the accounting records.

### **Debt**

1. From the prior agreed-upon procedures documentation, we observed the following bonds, notes, and loan were outstanding as of December 31, 2017. These amounts agreed to the Township's January 1, 2018 balances on the summary we used in procedure 3.

**Debt (Continued)**

<b>Issue</b>	<b>Principal outstanding as of December 31, 2017:</b>
General Obligation Bonds – Aerial Truck	\$25,319
Police Cruiser Note	7,910
Waterline Loan	150,832
North Hampton Water Note	98,059

2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. The Township obtained new debt in 2019 with payments due in 2020. All debt payments agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds, notes, and loan debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedules and/or invoices to General, Fire District and Police District funds payments reported in the Payment Register Detail Report. We noted one exception. In 2018, the Township posted \$1,486 in interest payments to the principal account code. The Township should verify principal and interest payments are properly allocated in the accounting system. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Township's Receipt Detail Report. The Township did not record the proceeds in the accounting records. The Township should have recorded the proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code Section 5705.09(E). To improve financial reporting and accountability, the Township should verify all transactions are posted to the accounting system.
5. For the new debt issued in 2019, we reviewed the new debt legislation, which stated that the Township must use the proceeds to purchase land. The bank directly paid the vendor for the purchase of the land; however the Township did not record the transaction in the accounting system. To improve financial reporting and accountability, the Township should verify all transactions are posted to the accounting system.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2019 and one payroll check for five employees from 2018 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.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
  - c. For any new employees selected we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:

**Payroll Cash Disbursements (Continued)**

- i. Name
- ii. Authorized salary or pay rate and department(s) and fund(s) to which the check should be charged
- iii. Retirement system, Federal, State & Local income tax withholding authorization and withholding

We found no exceptions related to procedures i-iii. Above

- 2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2019 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 2019. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2020	January 3, 2020	\$11,774.71	\$11,774.74
State income taxes	January 15, 2020	December 31, 2019	1,810.11	1,810.11
City of Springfield income tax	January 30, 2020	December 31, 2019	254.77	254.77
City of Kettering income tax	January 30, 2020	December 31, 2019	11.81	11.81
Northeastern Local School District income tax	January 30, 2020	December 31, 2019	67.76	67.76
Northwestern Local School District income tax	January 30, 2020	December 31, 2019	416.00	416.00
OPERS retirement	January 30, 2020	January 4, 2020	8,845.78	8,845.78

- 3. We compared total gross pay for the fiscal officer and each board member for 2019 and 2018 to the compensation permitted by Ohio Revised Code Sections 507.09 and 505.24, respectively. We found no exceptions.
- 4. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2019 and 2018 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**

We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2019 and 10 from the year ended 2018 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.

### **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. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General, Gasoline Tax and Fire District funds. We found no exceptions.
2. We inspected the Fund Activity Report for the Perpetual Care Bequest Fund. Not more than 5% of non-spendable monies were released, spent, or otherwise modified during the engagement period. We found no exceptions.
3. We inspected the 2019 and 2018 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers.
4. We inspected the Cash Summary by Fund Report for the years ended December 31, 2019 and 2018 for negative cash fund balances. 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. No funds had negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Township's Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We selected five public records requests from the engagement period and inspected each request to determine the Township was compliant and responded to the request in accordance with their adopted policy. We found no exceptions.
3. We inquired with Township management and determined that the Township did not have any denied public records requests during the engagement period.
4. We selected all public records requests with redactions from the engagement period and inspected to determine the Township was redacting records and making the redactions visible, and provided an explanation which included the legal authority to the requester. We found no exceptions.
5. We inquired whether the Township has a records retention policy, and observed that it is readily available to the public. We found no exceptions.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.

### **Sunshine Law Compliance (Continued)**

7. We inspected the Township's policy manual and determined the public records policy was included. We found no exceptions.
8. We inquired that the Township's poster describing their Public Records Policy was displayed conspicuously in all branches of the Township. We found no exceptions.
9. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inspected the Auditor of State Public Records Attendees Confirmation and determined whether each elected official (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office. We found no exceptions.
11. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period are to be held. We found no exceptions.
12. We inspected the minutes of public meetings during the engagement period and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions for a-d
13. We inspected the minutes from the engagement period and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions a-c

### **Other Compliance**

1. 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 regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their 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, 2019 and 2018 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list(s) of authorized users, and
  - a list of all credit card account transactions.



**Other Compliance (Continued)**

- a. We inspected the established policy(ies) obtained above and determined it is:
  - i. in compliance with the HB 312 statutory requirements, and
  - ii. implemented by the Township.We found no exceptions.
  
- b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
  - i. Use was by an authorized user within the guidelines established in the policy, and
  - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
  
- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
  - i. No unpaid beginning balance was carried forward to the current billing cycle,
  - ii. Ending statement balance was paid in full, and
  - iii. Statement contained no interest or late fees.We found 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 to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2019 and 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 30, 2020

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# OHIO AUDITOR OF STATE KEITH FABER



**GERMAN TOWNSHIP**

**CLARK 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  
JULY 21, 2020**