



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

BASIC AUDIT REPORT

Washington Township
Monroe County
39111 Church Road
Graysville, Ohio 45734

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of Washington Township, Monroe County, (the Township) for the years ended December 31, 2023 and 2022.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 117.11(A). Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Township's financial statements, transactions or balances for the years ended December 31, 2023 and 2022.

The Township's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. We noted in 2022 a gasoline excise tax receipt in the amount of \$11,006 was posted to the Motor Vehicle License Tax Fund instead of the Gasoline Tax Fund. Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. The Motor Vehicle License Tax Fund should be decreased by \$11,006 and the Gasoline Tax Fund should be increased by \$11,006. The Township has made this adjustment.
2. We noted the Township did not have a formal records retention schedule. Ohio Rev. Code § 149.43(B)(2) states, in part, a public office shall have available a copy of its current records retention schedule at a location readily available to the public. Ohio Rev. Code § 149.381 states, in part, when a records commission has approved a schedule of records retention, the records commission shall send that schedule of records retention to the Ohio history connection for its review. Upon completion of its review, the Ohio Historical Connection shall forward the schedule of records retention to the auditor of state for the auditor of state's approval or disapproval. The Township should adopt a formal records retention schedule and send it to the Ohio history connection for review.

Current Year Observations (Continued)

3. We noted the Township has not adopted a public records policy. Ohio Rev. Code § 149.43(E)(2) provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to Ohio Rev. Code § 149.43(B)(7)(c), the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research. Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook. The Township should establish a public records policy in accordance with the aforementioned Ohio Revised Code Sections.
4. We noted the Township entered into a promissory note in May 2023 in the amount of \$191,777 for the purchase of a truck with a snowplow. Further in 2023, principal payments in the amount of \$20,004 were made on this promissory note. Ohio Rev. Code Chapter 133 authorizes certain methods by which subdivisions may incur debt. Ohio Rev. Code § 133.22: a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute. Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. Ohio Rev. Code § 133.15: a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18: the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue. This type of debt is not authorized in Ohio Rev. Code Chapter 133. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township. The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.
5. We noted debt proceeds and the related capital outlay for the purchase of a truck with a snow plow in the amount of \$191,777 were not recorded in the Township's records. The bank paid the vendor directly for the purchase; therefore, the amounts did not flow through the Township's normal receipt and disbursement process. The Township should record receipts and related payments made on their behalf by a third party in the Township's ledgers to ensure all Township activity is recorded.

Current Year Observations (Continued)

6. We noted General Fund appropriations of \$129,351 exceeded estimated resources by \$18,841 for the year ended December 31, 2023. Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. The Township should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Trustees to reduce the appropriations.
7. We noted the Township posted \$132 more to Principal payments instead of Interest per the loan inquiry from the bank. The Township should post principal and interest according to the amortization schedule.

Current Status of Matters Reported in our Prior Engagement

In addition to the matters reported in items 1 through 7 above, our prior audit for the years ended December 31, 2021 and 2020 included the following:

8. The prior financial audit included a material weakness for the incorrect posting of certain receipts and disbursements. Our review of the receipts and disbursements in 2023 and 2022 noted no exceptions.
9. The prior financial audit included a material weakness for not properly posting budgeted receipts and appropriations to the Township's accounting system for certain funds. This was not reissued in the current engagement.
10. The prior financial audit included a significant deficiency for not having adequate segregation of duties. There was no documentation in the minutes of the Trustees' consistent approval of checks written, monthly activity of revenues and expenditures by fund, or budget versus actual reports received in Township meetings. Our review of the minutes for 2023 and 2022 noted they were silent as to the approval of monthly financial reports both actual and budget.



Keith Faber
Auditor of State
Columbus, Ohio

July 26, 2024

OHIO AUDITOR OF STATE KEITH FABER



WASHINGTON TOWNSHIP

MONROE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/13/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov