



Dave Yost • Auditor of State

WASHINGTON TOWNSHIP
GUERNSEY COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Washington Township
Guernsey County
20160 Titus Road
Freeport, Ohio 43793

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Washington Township, Guernsey County, Ohio (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, 2014 and 2013, 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, 2014 and December 31, 2013 bank reconciliations. We found exceptions. The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances throughout the audit period. Monthly bank reconciliations contained other adjusting factors throughout the entire audit period which were carried forward instead of being investigated and corrected. We expanded our testing in 2013 and 2014 to perform proof-of-cash analysis in 2013 and 2014. We were able to identify posting errors, such as a certificate of deposit that was cashed in and posted as a receipt to the General Fund as well as the Permanent Fund, interest earned on the certificate of deposit was posted to the Permanent Fund instead of the General Fund where the cemetery expenses are made, bank fees were not recorded to the Township ledgers and an interest receipt was not posted to the Township ledgers. The Township adjusted their accounting records for these mispostings.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 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, 2014 and 2013 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 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, 2014 bank reconciliation without exception.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

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Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 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. We noted no exceptions.
6. We tested investments held at December 31, 2014 and December 31, 2013 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 selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected three receipts from the State Distribution Transaction Lists (DTL) from 2014 and three from 2013. We also selected five receipts from the Guernsey County Auditor Cross Reference Report by Vendor Number from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found one homestead and rollback receipt in 2013 recorded to the proper funds; however, the receipt was not recorded to the proper receipt account. The receipt transaction was recorded to Tax receipts instead of Intergovernmental receipts.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the United States Department of Agriculture (USDA) to the Township during 2014 with the USDA. We found no exceptions.
 - a. We determined whether this receipt was allocated to the proper fund. We found the United States Department of Agriculture grant receipt in 2014 was recorded to the proper fund; however, the receipt was not recorded to the proper receipt account classification. The receipt transaction was recorded to Sale of Bonds receipt classification instead of Intergovernmental receipts classification.
 - b. We determined whether the receipt was 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, 2012.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted new debt issuance in 2014 for \$42,000 Township Equipment Bonds, Series 2014.
3. We obtained the debt documents for the \$42,000 Township Equipment Bonds, Series 2014, and noted the first principal and interest payments for the bonds are not due until April 1, 2015.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Miscellaneous Special Revenue Fund per the Receipt Register Report. The amounts agreed, but the Township posted the bond proceeds to Intergovernmental receipt classification instead of a Sale of Bonds receipt classification.
5. For new debt issued during 2014, we inspected the debt legislation, noting the Township must use the proceeds for paying part of the costs of acquiring a new road tractor with mower and equipment. We scanned the Payment Register Detail Report and noted the Township purchased a tractor and mower in May of 2014.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Wages and Overtime Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wages and Overtime 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 codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record or as required by statute. 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, 2014 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 2014. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	1/31/15	12/30/14	\$453.37	\$453.37
State income taxes	1/15/15	12/30/14	\$117.19	\$117.19
OPERS retirement	1/30/15	12/30/14	\$846.62	\$846.62

3. For the pay periods ended October 31, 2014 and February 28, 2013, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General and Gasoline Tax Fund per the Wage Detail Report. We found no exceptions.

Payroll Cash Disbursements (Continued)

4. For the pay periods described in the preceding step, we traced the 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, 2014 and 2013 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We found the resolutions approved by the Board of Trustees for 2013 and 2014 did not state the Township had chosen not to procure a health care plan under § 505.60 of the Revised Code and had chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of § 505.60 of the Revised Code. The resolutions only stated the officials of the Township would receive reimbursement for insurance up to \$100 per month for 2013 and up to \$150 per month for 2014. Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in § 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of § 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:
 - The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under § 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of § 505.60 of the Revised Code that they otherwise obtain.
 - That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.
 - That resolution states the specific benefits listed in division (A) of § 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of § 505.60 of the Revised Code.

The Board of Trustees should adopt a resolution for insurance reimbursements under Ohio Rev. Code § 505.601 with the required components.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 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. 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.

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 Gasoline Tax Funds for the years ended December 31, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Motor Vehicle License Tax, and Gasoline Tax 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.
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 2014 and 2013 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax Funds. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status Report for the General, Motor Vehicle License Tax and Gasoline Tax Funds. The Appropriation Status Report recorded appropriations for the General Fund of \$45,039.04, for the Motor Vehicle License Tax Fund of \$29,384.17 and the Gasoline Tax Fund of \$152,703.27 for 2013. However, the appropriation resolution reflected \$30,709.98 for the General Fund, \$27,507.85 for the Motor Vehicle License Tax Fund and \$181,789.36 for the Gasoline Tax Fund. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts recorded on the appropriation resolution to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
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, Motor Vehicle License Tax, and Gasoline Tax Funds for the years ended December 31, 2014 and 2013. We noted the Gasoline Tax Fund appropriations for 2013 exceeded certified resources by \$29,086.09, contrary to Ohio Rev. Code § 5705.39. The Trustees should not pass appropriations exceeding estimated resources. Allowing this to occur could cause the Township to incur fund balance deficits.
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, 2014 and 2013 for the General, Motor Vehicle License Tax, and Gasoline Tax Funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the Miscellaneous Special Revenue Fund during 2013 to segregate the United States Department of Agriculture grant receipt and disbursements, in compliance with § 5705.09.
7. We scanned the 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 which Ohio Rev. Code §§ 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Ohio Rev. Code § 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 § 5705.13. We noted the Township did not establish these reserves.

Compliance – Budgetary (Continued)

9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. 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. We noted no fund 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, 2014 and 2013 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.

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.



Dave Yost
Auditor of State
Columbus, Ohio

February 22, 2016



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WASHINGTON TOWNSHIP

GUERNSEY 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
MARCH 17, 2016**