



Dave Yost • Auditor of State





# Dave Yost • Auditor of State

## 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, 2017 and 2016 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, 2017 and 2016 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, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 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, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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 selected the only reconciling credit (such as deposits in transit) from the December 31, 2017 bank reconciliation:
  - a. We traced the credit to the subsequent January or February bank statement. We were unable to trace the reconciling credit to the subsequent January or February bank statement. This deposit in transit dates back to December 2015 and appeared on all bank reconciliations during 2016 and 2017. The credit has already been posted to the accounting records; therefore, the Township should void the receipt and post a fund balance adjustment to remove the outstanding deposit from the bank reconciliation.
  - b. We agreed the credit amount to the Receipt Detail Report. The credit was recorded as a December 2015 receipt for the same amount recorded in the reconciliation.
7. We traced interbank account transfers occurring in December of 2017 and 2016 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, 2017 and December 31, 2016 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 Sections 135.13 or 135.14. We noted no exceptions.

### Property Taxes and Intergovernmental Revenue

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
  - 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 Sections 5705.05-.06 and 5705.10. We found no exceptions in 2017. In 2016, the Township posted a levy receipt, in the amount of \$20,527, incorrectly between the Road and Bridge Fund and Road District Fund. **Ohio Rev. Code § 5705.10(C)** states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. The Fiscal Officer should use due care when posting property tax revenues to ensure the levies are posted to the proper fund. The Township has adjusted the fund balances to increase the Road and Bridge Fund and decrease the Road District Fund by \$20,527.
  - 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 2017 and 2016. The Receipt Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the Clark County Vendor Activity Reports from 2017 and five from 2016.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Over-The-Counter Cash Receipts**

We haphazardly selected ten over-the-counter cash receipts from the year ended December 31, 2017 and ten over-the-counter cash receipts from the year ended 2016 recorded in the Medicount Month End Activity Report / Medicount Month End Snapshot Report and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Receipt Register Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we observed the following bonds, notes, and loan were outstanding as of December 31, 2015. These amounts agreed to the Township's January 1, 2016 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
General Obligation Bonds – aerial truck	\$221,792
Police Cruiser Note	\$23,013
Water Lines Loan	\$194,885
North Hampton Water Note	\$105,937

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances and all debt payment activity agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds, notes, and loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules and invoices to the General, Police District, and Fire District Funds' payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found the following exceptions:
  - a. In 2016, one payment of \$224 was incorrectly allocated between principal and interest.
  - b. In 2017, one payment was issued after the due date. The payment was due on July 1, 2017; however, the payment was issued on July 7, 2017.
  - c. In 2017, \$148 of interest payments was incorrectly paid from the Fire and EMS Fund, instead of the Fire District Fund.

To improve accountability, the Fiscal Officer should review payment due dates and the accounting records to ensure the payments are timely processed and accurately posted.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 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-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 minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.

**Payroll Cash Disbursements (Continued)**

2. For any new employees selected in procedure 1, 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:
  - 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 procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 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 2017. 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	January 31, 2018	December 22, 2017	\$1,599.73	\$1,599.73
State income taxes	January 15, 2018	December 31, 2017	\$1,543.45	\$1,543.45
Local income taxes	January 30, 2018	December 31, 2017	\$98.26	\$98.26
School district income taxes	January 30, 2018	December 31, 2017	\$406.42	\$406.42
OPERS retirement	January 30, 2018	January 5, 2018	\$9,790.21	\$9,790.21

4. For the pay period ended August 31, 2017, the Fiscal Officer's and Boards' salaries were paid from the General Fund only. For the pay period ended February 29, 2016, we recomputed the allocation of the Fiscal Officer's and Boards' salaries to the General, Road and Bridge, and Fire District Funds and to the General, Road and Bridge, Police District, and Fire District Funds, respectively, per the Wage Detail Report. We found no exceptions for the pay period ended August 31, 2017, as the Fiscal Officer's and Boards' salaries were paid from the General Fund only; therefore, salary allocation recalculations were not applicable.

For the pay period ended February 29, 2016, the allocation of the Boards' salaries to the General, Road and Bridge, Police District, and Fire District Funds was recalculated without exception, as the Board members completed supporting certifications. However, the Board had not approved a resolution specifying the proportions of their salaries to be paid from township funds other than the General Fund. **Ohio Rev. Code § 505.24(D)** states, in part, that by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be paid from the township General Fund or from other township funds in such proportions as the board may specify by resolution. The Board should approve a resolution stating they will be paid by an annual salary in equal monthly payments. If, in the future, the Board decides to be paid from funds other than the General Fund, the Board should also approve a resolution stating the proportions of their salaries to be paid from the applicable funds.

**Payroll Cash Disbursements (Continued)**

Additionally, for the pay period ended February 29, 2016, and for all of the pay periods during 2016, the Fiscal Officer did not complete certifications to support the allocation of her salary to the General, Road and Bridge, and Fire District Funds; therefore, recalculation of her salary allocations was not possible. **Ohio Rev. Code § 507.09(E)** states, in part, a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed. Without such supporting certifications, the allocation of the Fiscal Officer's salary to funds other than the General Fund was not allowable. During the year ended December 31, 2016, \$3,796 and \$1,783 of the Fiscal Officer's salary was paid from the Road and Bridge and the Fire District Funds, respectively. The Fiscal Officer should complete and maintain certifications for time spent on other services when salary is allocated to funds other than the General Fund. The Township should adjust the accounting records for the expenditures posted to the incorrect funds. See also Payroll Cash Disbursements step 5.

5. For the pay periods described in the preceding procedure, we traced the Fiscal Officer's and Boards' salaries for time or services performed to supporting certifications the Revised Code requires. We found no exceptions for the pay period ended August 31, 2017, as the Fiscal Officer's and Boards' salaries were paid from the General Fund only; therefore, the use of supporting certifications was not required. For the pay period ended February 29, 2016, as noted in the preceding procedure, the Fiscal Officer did not complete the required certifications to support the salary allocations to funds other than the General Fund; however, the Board did complete the required certifications. See also Payroll Cash Disbursements step 4.
6. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Wage Detail Report:
  - a. Accumulated leave records
  - b. The employee's pay rate in effect as of the termination date
  - c. The Township's payout policy.

The amount paid was consistent with the information recorded in a. through c. above; however, the Township's policies did not expressly address the issuance of termination payments for resigning employees (only retiring employees were mentioned in the policies). Furthermore, the Township has a policy manual and separate vacation and sick leave policies for Police Department employees. The Township should approve all policies and the policy manual should include references and/or separate policies for different departments. The Township should update its policy manual to ensure all policies are included and provide for equal treatment of all employees.

7. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 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, 2017 and ten from the year ended 2016 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 cleared 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 for 2016. We found one exception in 2017 where the Township paid its quarterly trash collection fees, in the amount of \$438, solely from the Fire District Fund. The Fiscal Officer should use due care to ensure general expenditures are allocated to various allowable funds.
- 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). Although all selected disbursements included the required certification or Then and Now Certificate, most disbursements (17 out of 20) were certified with super blanket purchase orders. Extensive and improper use of super blanket purchase orders can result in overspending. The Fiscal Officer should use due care when utilizing the different types of purchase orders to ensure proper encumbering of funds.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Road and Bridge, and Fire District Funds for the years ended December 31, 2017 and 2016. The amounts agreed.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Road and Bridge, and Fire District 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 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 Report for 2017 and 2016 for the following funds: General, Road and Bridge, and Fire District Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibit appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road and Bridge, and Fire District Funds for the years ended December 31, 2017 and 2016. 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, 2017 and 2016 for the General, Road and Bridge, and Fire District 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 December 31, 2017 and 2016. 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.



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

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 2017 and 2016 Cash Summary by Fund Report for evidence of interfund transfers exceeding \$500 which Ohio Rev. Code Sections 5705.14 - .16 restrict. In 2017, the Township transferred \$11,437 from the Police District Fund to the General Fund; however this transfer is not permitted. The Township intended to loan \$32,437 from the General Fund to the Police District Fund for the purchase of Multi-Agency Radio Communication System (MARCS) radios; however, the transaction was not posted to the accounting records as an advance. The MARCS radios were originally paid from the General Fund. Since 2013, the Township has posted transfers from the Police District Fund to the General Fund for repayment. Although the accounting treatment of this transaction was not properly performed, the use of Police District Fund monies for the purchase of MARCS radios was appropriate; therefore, no adjustments to the accounting records are necessary. The Fiscal Officer should use due care when posting transactions to the accounting records. The proper use of transfers and advances should be utilized by the Township to ensure accurate and allowable financial activity.
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 Sections 5705.13 or 5705.132. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 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. No funds had a negative cash fund balance.

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

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 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**

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, in addition to filing extensions granted for extenuating circumstances, allow for refiling 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, 2017 and 2016 in the Hinkle system. There were no exceptions.

**Other Compliance (Continued)**

2. We inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer obtained the required training.

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, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 30, 2018



# Dave Yost • Auditor of State

**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  
AUGUST, 30 2018**