



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Miami Township
Greene County
225 Corry Street
Yellow springs, Ohio, 45387

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Miami 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 Status 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 Status Report to the December 31, 2016 balances in the Fund Status 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 observed the year-end bank balances on the financial institution's website. The balances agreed. 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 and February bank statements. The outstanding check numbers appearing on the bank reconciliation and payment listing report did not agree to the check numbers appearing on the bank statement for three out of five reconciling debits that were selected.
 - b. We traced the amounts and dates to the payment listing report, to determine the debits were dated prior to December 31. There were no exceptions.

Cash and Investments (Continued)

6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2017 bank reconciliation:
 - a. We attempted to trace each credit to the subsequent January through April bank statements. The reconciling credits were still outstanding at April 30, 2018.
 - b. We agreed the credit amounts to the Receipt Ledger. Each credit was recorded as a December 2015 receipt for the same amount recorded in the reconciliation and carried over as a reconciling item ever since. The Township should investigate long reconciling items and adjust the books appropriately.
7. 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 Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

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.
 - 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 selected all receipts from the State Distribution Transaction Lists (DTL) from 2017 and 2016. We also haphazardly selected five receipts from the County Auditor's Audit Trail by Vendor Report 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 Township received \$14 in undivided liquor permit receipts from the State in March 2017. The check was never deposited with the bank or recoded as a receipt in the Township's accounting system. The Township should contact the State about getting the check reissued. Policies and procedures should be established and implemented to verify that all checks are timely deposited and recorded in the accounting system.
 - b. We inspected the Receipt Register Report to determine that these receipts were allocated to the proper fund(s). Except for the \$14 receipt noted in step a. above, we found no exceptions.
 - c. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. Except for the \$14 receipt noted in step a. above, 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 duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Inspected the Receipt Register Report to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2015.
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. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of the loan activity for 2017 and agreed principal and interest payments from the related Loan Transaction History Report to general fund 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 no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General Fund per the Receipt Register Report. The amounts agreed. The Township properly recorded the proceeds in the General Fund
5. For new debt issued during 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase land. We inspected the Payment Register Detail Report and observed the Township purchased land in March of 2017.

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 or statutorily-approved rate or salary. We noted one instance where an employee was paid \$40 more than amount recalculated based on Fire/EMS runs and pay rate. Because we did not test all payrolls, our report provides no assurance whether or not other similar errors occurred. Additionally, the Township was not able to provide legislatively or statutorily-approved rate or salary for five out of ten employees selected for testing. Policies and procedures should be established and implemented to verify that all employees are paid correctly based on work performed and board authorized salary schedules are maintained on file. Failure to do so could result in confusion over how much an employee should have been paid and finding for recoveries in future audits
 - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. 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:

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)	January 31, 2018	October 2, 2017 through December 26, 2017	\$19,835	\$19,835
State income taxes	January 15, 2018	January 4, 2018	\$677	\$677
Local income tax	January 15, 2018	January 4, 2018	\$294	\$294
OPERS retirement	January 30, 2018	January 3, 2018	\$2,081	\$2,081
OP&F retirement	January 31, 2018	January 3, 2018	\$4,482	\$4,482

3. For the pay periods ended November 30, 2017 and 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 per the Wage Detail Report. We found no exceptions.
4. For the pay periods described in the preceding procedure, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
5. 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

1. 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 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 Section 5705.41(D). We found five 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 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 on the Certificate agreed to the amount recorded in the accounting system except for the General Fund and Fire District Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Fire District fund of \$224,918 and \$575,267 for 2017. However, the final Amended Certificate of Estimated Resources reflected \$223,467 and \$587,327. 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 Trustees may be using inaccurate information for budgeting and monitoring purposes.
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 Appropriations approved by the Board of Trustees for the 2017 General Fund and the 2016 General and Fire District Funds did not agree to the Appropriation Status Report. The Board approved appropriations in the amount of \$629,697 for the 2017 General Fund and \$439,247 and \$785,732 for the 2016 General and Fire District Funds, respectively. However, the Township recorded \$654,697, \$439,362, and \$786,732 for these funds respectively in its accounting system. The fiscal officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved by the Trustees 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 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, Road and Bridge, and the 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 Reports. 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 Revenue Ledger 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. The Township established the Miscellaneous Capital Projects fund during 2017 to segregate new firehouse construction receipts and disbursements, in compliance with Section 5705.09.
7. For funds existing in prior years, inspect 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.

Compliance – Budgetary (Continued)

8. We inspected the 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
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 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 balances.

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. In addition to granting filing extensions for extenuating circumstances, Auditor of State established policies allow for refiling complete financial statements 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, as defined in AOS Bulletin 2015-007. We confirmed the Township filed its complete financial statements within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer and 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 Sections 507.12 and 733.81. The Fiscal Integrity Act requirements have not been met for the term.

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.

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

July 10, 2018

This page intentionally left blank.



Dave Yost • Auditor of State

MIAMI TOWNSHIP

GREENE 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 9, 2018**