



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Washington Township
Lucas County
5714 Blessing Drive
Toledo, Ohio 43612-3912

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Washington Township, Lucas 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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2011 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, 2012 and 2011 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Township's financial institutions. We found no exceptions. The balances agreed. We also compared the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statements. 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, 2012 and December 31, 2011 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 selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We also traced the advances noted on the Statement to 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 Sections 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 plus one advance for 2012 and 2011. We noted the Receipt Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's Consolidated Expense Listing from 2012 and five from 2011.
 - 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 funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we noted the following loans and lease outstanding as of December 31, 2010. These amounts agreed to the Township's January 1, 2011 balances on the summary we used in step 3 except the beginning balance for the Shoreland Avenue Commercial Loan. The beginning balance for the Shoreland Avenue Commercial Loan obtained from the December 29, 2010 billing statement differed from prior audited balance by \$454. This condition is due to the use of an incorrect amortization schedule provided by the loaning institution. We recommend the Fiscal Officer obtain a corrected debt amortization schedule from the loaning institution.

Issue	Principal outstanding as of December 31, 2010:
OPWC Cap Project Loan Raintree	\$17,880
OPWC Cap Project Loan Point Pleasant	47,721
OPWC Cap Project Loan Fullers Creekside	46,441
Shoreland Avenue Commercial Loan	79,360
Lease Purchase Agreement Fire Pumper	112,510

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detailed Report for evidence of debt issued during 2012 or 2011, or debt payment activity during 2012 or 2011. In 2012, the Township refinanced the Shoreland Avenue Commercial Loan. The proceeds and the final payment of the prior Shoreland Avenue Commercial Loan for 50,211.65 were not reported in the accounting system. We recommend the Fiscal Officer post proceeds of all new loan activity and the final payment to the accounting system.
3. We obtained a summary of loan and lease debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt payments made from the Gas Tax and the Special Fire Levy Funds reported in the Payment Register Detail Report. In 2012 and 2011 the debt payments for the Shoreland Avenue Commercial loan did not agree to the amortization schedule. The amount of the debt payments applied toward principal and interest differed from the amounts reflected in the invoice from the loaning financial institution. The loaning financial institution provides invoices and the payment amounts on the invoices differ from the amortization schedule. We recommend the Fiscal Officer make payments according to the invoices received. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. The amount of debt proceeds identified from the debt documents, in 2012, for the refinancing of the Shoreland Avenue Commercial Loan for \$50,212 were not recorded in the Special Fire Levy Fund per the Revenue Ledger Report. We recommend all proceeds from debt be posted to the Revenue Ledger as debt proceeds.
5. For new debt issued during 2012, we inspected the debt legislation, noting the Township must use the proceeds from the Shoreland Avenue Commercial Loan to refinance the existing Shoreland Avenue Commercial Loan.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the UAN Sorted Payment Register Report and:
 - a. We compared the hours and pay rate, or salary recorded in the UAN voucher 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 Wage Rate Sheets. 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, 2012 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 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare (and social security, for employees not enrolled in pension system)	January 31, 2013	January 14, 2013	\$27.09	\$27.09
State income taxes	January 15, 2013	December 31, 2012	1,329.37	1,329.37
City of Toledo	January 31, 2013	January 14, 2013	548.81	548.81
City of Rossford	January 31, 2013	January 14, 2013	254.12	254.12
OPERS retirement	January 30, 2013	January 14, 2013	9,214.68	9,214.68

3. For the pay periods ended May 13, 2012 and October 16, 2011, we recomputed the allocation of the Boards salaries to the Gasoline Tax and Special Fire Funds per the UAN Sorted Payment Register. The Township Trustees are paid by the salary method. For pay period ended May 13, 2012, 100% of all Trustees' salaries were posted to the Gasoline Tax Fund. For pay period ended October 16, 2011, 100% of all Township Trustees' salaries were posted to the Fire Fund. The Trustees certified work performed on the Roads, Police, and Fire Funds for the above pay periods. The Boards' salaries are allocated each quarter to the General, Gasoline Tax, Police and Fire Fund in their entirety.

We recommend the Township review Audit Bulletin 2011-007 Summary of Township Trustee and Fiscal Officer Compensation Law, for guidance to the proper procedures to allocate the Township Trustees' salaries to funds other than the General Fund and the proper documentation necessary to demonstrate that the expenditures from the fund are consistent with the purpose of the fund and in proportion to the amount of time spent in the service of such fund.

4. For the pay periods described in the preceding step, we traced Boards' salary for time or services performed to supporting certifications the Revised Code requires. For pay period ended May 13, 2012, 100% of all Trustees salaries were posted to the Gasoline Tax Fund. For pay period ended October 16, 2011, 100% of all Township Trustees salaries were posted to the Fire Fund. The Trustees certified work performed on the Roads, Police, and Fire Funds for the above pay periods. The Boards' salaries are allocated each quarter to the General, Gasoline Tax, Police and Fire Fund in their entirety.

We recommend the Township Trustees review Audit Bulletin 2011-007 Summary of Township Trustee and Fiscal Officer Compensation Law, for guidance to the proper procedures to allocate the Township Trustees' salaries to funds other than the General Fund and the proper documentation necessary to demonstrate that the expenditures from the fund are consistent with the purpose of the fund and in proportion to the amount of time spent in the service of such fund.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Sorted Payment Register Report for the year ended December 31, 2012 and ten from the year ended December 31, 2011 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 Sorted Payment Register 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 no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* for 2012, and with the *Amended Official Certificate of Estimated Resources* for 2011, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax, and Special Police Levy funds for the years ended December 31, 2012 and 2011. The amounts agreed except for the General and Special Police Levy Funds. In 2012 the Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Special Police Levy funds of \$186,639 and \$596,425 respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$234,000 and \$620,000, respectively. In 2011, the Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Special Police Levy funds of \$226,300 and \$615,800 respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$234,000 and \$620,000, respectively. 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 scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Gasoline Tax, and Special Police Levy 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 2012 and 2011 for the following funds: General, Gasoline Tax, and Special Police Levy funds. The amounts on the appropriations resolution agreed to the amount recorded in the accounting system, except for the General and Gasoline Tax Funds in 2012. The Appropriations Status Report recorded appropriations for the General and Gasoline Tax funds of \$248,900 and \$151,200 respectively. However, the final appropriations resolution reflected \$250,900 and \$151,000, respectively. The fiscal officer should periodically compare amounts recorded in the Appropriations Status Report to amounts recorded on the appropriations 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 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, Gasoline Tax, and Special Police Levy funds for the years ended December 31, 2012 and 2011. We noted 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, 2012 and 2011 for the General, Gasoline Tax, and Special Police Levy funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 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, 2012 and 2011. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2012 and 2011 UAN Transfers within the UAN Audit Workbench for evidence of interfund transfers exceeding \$1,000 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 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 Section 5705.13. We noted the Township did not establish these reserves.

Compliance – Contracts and Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2012 and 2011 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.

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.

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

September 9, 2013

This page intentionally left blank.



Dave Yost • Auditor of State

WASHINGTON TOWNSHIP

LUCAS 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
OCTOBER 1, 2013**