



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Washington Township
Clinton County
186 Leslie Avenue
Wilmington, OH 45177

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Washington Township (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, 2013 and 2012, 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

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning total fund balance recorded in the Fund Ledger Report to the December 31, 2011 balances in the prior year in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 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, 2013 and 2012 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2013 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, 2013 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 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 interbank account transfers occurring in December of 2013 and 2012 to determine if they were properly recorded in the accounting records and on each bank statement. We found 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 2013 and one from 2012:
 - 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 fund(s) 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 for 2013 and 2012. We noted the Receipts 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 2013 and five from 2012. We also selected five receipts from the County Auditor's DTLs from 2013 and five from 2012.
 - a. We compared the amount from the above report to the amount recorded in the Receipt Register Report. The amounts agreed with one exception on the 2013 State DTL and one exception on the 2012 State DTL. In 2013, the Fiscal Officer recorded the homestead and rollback receipts at the net amount of \$12,775 instead of at the gross amount of \$12,846. In 2012, the Fiscal Officer recorded the homestead and rollback receipts at the net amount of \$12,554 instead of at the gross amount of \$12,607. We recommend the Fiscal Officer record homestead and rollback receipts at the gross amount, less deductions, to the Township's ledgers.
 - b. We determined whether these receipts were allocated to the proper funds. We found one exception on the 2013 State DTL. In 2013, the Fiscal Officer recorded the homestead and rollback receipts at the net amount of \$12,775 instead of the gross amount of \$12,846.49. These net amounts were allocated at a proportion different than the gross amounts. The gross amounts were allocated to the General, Road & Bridge, Road Levy, Fire & E.M.S, and Road Improvement at 20.75%, 8.30%, 19.72%, 32.07%, and 19.15%, respectively, on the *Statement on Semiannual Apportionment of Taxes of Taxes*. The Fiscal Officer allocated the net amounts at 21.00%, 8.00%, 20.00%, 32.00%, and 19.00%, respectively, in the Receipt Register. This caused differences greater than \$10. We recommend the Fiscal Officer record the homestead and rollback receipts at the gross amount, less deductions, and use consistent proportions when allocating the deductions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed that \$54,550 paid from the Ohio Public Works Commission to the Township during 2013 with the OPWC. We found no exceptions.

- a. We determined whether these receipts were allocated to the proper fund(s). We found one exception. In 2013, Issue II funds of \$54,550 were contributed by the Ohio Public Works Commission for the reconstruction of Gibson Rd. The funds were posted to the Road & Bridge fund, but Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources.
- b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit agreed-upon procedures documentation disclosed no debt outstanding as of December 31 2011.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2012 or 2013. We noted no new debt issuances, nor any debt payment activity during 2013 or 2012.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions
 - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employee's timesheets, resolutions, and monthly logs. We also determined whether the payment was posted to the proper year. We found no exceptions
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files, payroll register, and Employee Detail Report was consistent 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. Any other deduction authorizations (deferred compensation, etc.)

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2013 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 2013. 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)	January 31, 2014	12/31/2013	\$610.52	\$610.52
State income taxes	January 31, 2014	12/31/2013	\$108.66	\$108.66
Local School income tax	January 31, 2014	12/31/2013	\$115.87	\$115.87
OPERS retirement	January 30, 2014	12/31/2013	\$1,075.49	\$1,075.49

4. For the each month, we recomputed the allocation of the Boards' salaries to the General, Motor Vehicle, Gas, and Road & Bridge Funds per the Employee Detail Adjustment Report. We found no exceptions.
5. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2013 and 2012 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. We noted no such reimbursements.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2013 and ten from the year ended December 31, 2012 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 no exceptions.

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 & Bridge, and Fire & Emergency funds for the years ended December 31, 2013 and 2012. The amounts agreed.
2. We scanned the appropriation measures adopted for 2013 and 2012 to determine whether, for the General, Road & Bridge, and Fire & Emergency 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 2013 and 2012 for the following funds: General, Road & Bridge, and Fire & Emergency. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report with no exceptions.
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 & Bridge, and Fire & Emergency funds for the years ended December 31, 2013 and 2012. 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, 2013 and 2012 for the General, Road & Bridge, and Fire & Emergency 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, 2013 and 2012. We also inquired of management regarding whether the Township received new restricted receipts. We noted one instance of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund. The Issue II Funds from Ohio Public Works Commission was incorrectly appropriated to the Road & Bridge Fund at \$77,787. A new fund should have been created.
7. We scanned the 2013 and 2012 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$20,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers.
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 16. We noted the Township did not establish these reserves
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2013 and 2012 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) 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 funds 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, 2013 and 2012 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.

Additional Information

We identified four payments totaling \$8,113 during the audit period to Travis Tibbs Excavation for ditch work on Township roads. Travis Tibbs is the son of Trustee Randy Tibbs. The Township minute records did not document that Trustee Randy Tibbs abstained from voting to approve payments to his son's company.

Ohio Rev. Code, Section 2921.42(A)(1),* prohibits a public official from authorizing or using the authority or influence of the public official's office to secure a public contract in which the public official, a member of the public official's family, or any of the public official's business associate has an interest.

Ohio Rev. Code, Section 102.03(D),* prohibits a public official from authorizing or using the authority or influence of office or employment, to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official with respect to that person's duties.

We recommend that the Township consult with legal counsel to review the requirements of Ohio Revised Code Section 2921.42 to ensure that all public officials are transacting Township business in accordance with Ohio Ethics Law.

This matter will be referred to the Ohio Ethics Commission.

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

October 15, 2014



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WASHINGTON TOWNSHIP

CLINTON 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
NOVEMBER 06, 2014**