



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mississinawa Township
Darke County
1130 Ellis Rd.
Union City, Ohio 45390

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Mississinawa 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

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 documentation in the prior year Agreed-Upon Procedures working papers. 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 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, 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.
6. We inspected the Fund Status Report to determine whether the Findings For Adjustment identified in the prior agreed-upon procedures report, due from the General fund, payable to the Gasoline Tax Fund, Road & Bridge Fund, Special Levy Fire Fund, Special Levy Ambulance Fund, Special Levy Fire/Ambulance Fund was properly posted to the report. We found 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 Detail Report. The amounts agreed for 2016. We noted the 2017 real property tax receipt received from the County was posted at net of related fees of \$3,748. Failure to properly record financial activity can result in decisions being made from unreliable financial information and financial statement adjustments.
 - b. We inspected the Receipt Detail 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 for 2017. We noted the 2016 real property tax receipt received from the County's fees was all posted to the General Fund. This resulted in the General Fund being overstated by \$589, the Road & Bridge Fund being understated by \$303, the Special Levy Ambulance Fund being understated by \$69, the Special Levy Fire Fund being understated by \$69, and the Special Levy Fire/Ambulance Fund being understated by \$148. This error was corrected in the Township's accounting system. Failure to properly post record financial activity can result in decision being made from unreliable financial information and financial statement adjustments.
 - c. We inspected the Receipt Detail 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 Detail Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We haphazardly selected all three receipts from the State Distribution Transaction Lists (DTL) from 2017 and all three from 2016. We also haphazardly selected five receipts from the County Auditor's Vendor History Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We noted, during 2017, one real property tax homestead and rollback receipt received from the State of \$5,443 was allocated all to the General Fund and one real property tax mobile home receipt in the amount of \$5 received from the State was not allocated to the proper funds. This resulted in the General Fund being overstated by \$3,085, the Road & Bridge Fund being understated by \$1,608, the Special Levy Fire Fund being understated by \$356, the Special Levy Ambulance Fund being understated by \$356, and the Special Levy Fire/Ambulance Fund being understated by \$765. We noted, during 2016, one real property tax homestead and rollback receipt received from the State in the amount of \$5,390 was posted entirely to the General Fund at net, instead of gross, one homestead and rollback receipt received from the State in the amount of \$5,421.68 was posted to the correct funds at net instead of gross, and one real property tax mobile home receipt received from the State in the amount of \$9 was not allocated to the proper funds. This resulted in the General Fund being overstated by \$3,079, the Road & Bridge Fund being understated by \$1,641, the Special Levy Ambulance Fund being understated by \$333, the Special Levy Fire Fund being

understated by \$333, and the Special Levy Fire/Ambulance Fund being understated by \$772.

- c. We inspected the Receipt Detail Report to determine whether the receipts were 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, 2015.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2017 and 2016 or debt payment activity during 2017 and 2016. There were no new debt issuances, nor any debt payment activity during 2017 or 2016.

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 found two instances during 2017 where the Fiscal Officer's pay of \$1,114 did not agree to the statutorily-approved salary of \$1,170. This resulted in a \$112 underpayment to the Fiscal Officer for the two pay periods tested. The Township failed to provide supporting documentation of the pay approval. We found no other exceptions.
 - b. We inspected the fund and account code to which the check was posted to determine the posting was reasonable based on the employees' duties as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
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:

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	December 26, 2017	\$591	\$591
State income taxes	January 15, 2018	December 26, 2017	\$88	\$88
School District income tax	January 15, 2018	December 26, 2017	\$162	\$162
OPERS retirement	January 30, 2018	December 26, 2017	\$795	\$795

4. For the pay periods ended December 31, 2017 and March 31, 2016, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Fund per the Wage Detail Report. We found no exceptions.
5. For the pay periods described in the preceding procedure, we traced the Fiscal Officer's Boards' salary for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
6. 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 except as noted in step 2 below.
 - 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 four 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.

2. **Kroger Gas Points:**

Ohio Rev. Code, Sections 102.03 (D) and (E), provide that:

(D) No public official or employee shall use or authorize the use of 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 employee with respect to that person's duties.

(E) No public official or employee shall solicit or accept anything of value that is of such a character as to manifest a substantial and improper influence upon the public employee with respect to that person's duties.

The term "anything of value" is defined to include money and every other thing of value. Discounts on future purchases and other things of value offered as reward program incentives are things of value. The Fiscal Officer used her personal Kroger Plus card to purchase a gift card from Kroger during 2017. The Township Fiscal Officer earned personal gas points on this purchase. The gift card was purchased with Township funds. The Township should implement a policy for the use of personal reward cards while making Township purchases. Benefits earned on reward card should be remitted to the Township. If the benefits are not remitted to the Township, the benefits are being used "in lieu of" salary as reportable taxable compensation.

Gift Cards

The Ohio Supreme Court case of State ex rel. McClure v. Hagerman, 155 St. 320 (1951), along with Auditor of State Bulletin 2003-005 and Attorney General Opinion 82-006 set forth guidance as to the expenditure of funds for public purposes. The two criteria established under the Attorney General Opinion for determination of proper public purposes are that the expenditure is required for the general good of all inhabitants and the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced. The decision of what constitutes a public purpose should be memorialized by a duly enacted ordinance or resolution by the Board of Trustees that sets forth the policy of the Township that has prospective effect only.

During 2016 and 2017, the Township purchased door prizes from Kroger, Dollar Tree, Kohl's, Dick's, JCPenney, Tractor Supply Co. Target, Dressbarn, and Elder Beerman in the total amount of \$131 for which the Township was unable to provide a list of recipients for the prizes.

The Board of Trustees had not passed a formal policy regarding its views on the proper public purpose guidelines for the Township's expenditures. The Township should seek Board approval prior to purchase or establish a policy to support such expenditures.

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, Gasoline Tax and Road & Bridge funds for the years ended December 31, 2017 and 2016. The amounts agreed for 2016. The total estimated receipts from the 2017 Certificate for the General Fund in the amount of \$40,623, Gasoline Tax Fund in the amount of \$37,749 and Road & Bridge Fund in the amount of \$28,091 were not recorded in the accounting system. 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, Gasoline Tax and Road & Bridge 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, Gasoline Tax, and Road & Bridge 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 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Road & Bridge 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, Gasoline Tax and Road & Bridge fund, 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 Detail 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 following Special Revenue - Miscellaneous funds: Fund 2901, Fund 2902 Fund 2903, and Fund 2904 during 2017 to segregate Tax Increment Financing (TIF) for the Denise Road TIF, Light Road TIF, School Road TIF, and Ream Road TIF receipts and disbursements, in compliance with Section 5705.09.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund was 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 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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 (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. The Township did not establish these reserves.
10. We inspected the Cash Flow 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. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for re-filing 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 their 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. The financial statements for the years ended December 31, 2017 and 2016 were originally filed on January 29, 2018 and January 23, 2017, respectively. However, the financial statements did not include the notes to the financial statements as required (the filing only included the financial statements). The Township re-filed the complete financial statements with notes for both fiscal years on September 5, 2018.
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 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

November 1, 2018

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MISSISSINAWA TOWNSHIP

DARKE 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 27, 2018**