



Dave Yost • Auditor of State

WASHINGTON TOWNSHIP
MONROE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Washington Township
Monroe County
39111 Church Road
Graysville, Ohio 45734

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Washington Township, Monroe County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Townships 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 Status 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 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 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 amount appearing in the December 31, 2017 bank reconciliation without exception.

Cash (Continued)

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 noted some outstanding checks on the December 2017 bank reconciliation dating back to 2007. Carrying old outstanding checks on the reconciliation causes the monthly reconciliation to become a cumbersome task and could cause errors and/or irregularities to occur and not be detected in a timely manner. The Township should establish a policy as to the length of time a check should remain outstanding. In addition, the Board of Trustees should address the long outstanding checks and either re-issue the payments or pay the funds into an "unclaimed money fund" in accordance with Ohio Rev. Code § 9.39.
 - 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.

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 Revenue Ledger Report. The amounts agreed.
 - b. We inspected the Revenue Ledger Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Ledger Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Revenue Ledger 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 all from 2016. We also haphazardly selected five receipts from the County Auditor's Appropriation History Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
 - b. We inspected the Revenue Ledger Report to determine that these receipts were allocated to the proper funds. During 2017 and 2016, the Township received a Multi-Agency Radio Communication System MARCS grant from the Ohio Department of Commerce for the Volunteer Fire Department in the amounts of \$1,440 and \$1,390, respectively. The Township recorded these receipts into the General Fund. These should have been posted to a Special Revenue Fund.
 - c. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the United States Department of Agriculture (USDA) to the Township during 2017 with the USDA. We found no exceptions.
 - a. We inspected the Revenue Ledger Report to determine whether these receipts were allocated to the proper fund. The Township received a USDA Grant in the amount of \$41,250. The Township recorded this receipt into the Debt Service Fund, instead of a Capital Projects Fund.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)

- b. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2017 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Revenue Ledger Report. The amounts agreed.
- b. Inspected the Revenue Ledger Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. The Township received an equipment grant for the Volunteer Fire Department in the amount of \$6,208. The Township recorded this receipt into the General Fund, instead of a Special Revenue Fund. Additionally, we found two gas tax receipts in the amounts of \$6,291 and \$2,591 recorded in the Motor Vehicle License Tax (MVLT) fund that should have been recorded in the Gasoline Tax fund. We brought this to management's attention. They corrected the Gasoline Tax and MVLT fund balances for these items. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

Debt

- 1. From the prior agreed-upon procedures documentation, we observed the following bond was outstanding as of December 31, 2015. This amount agreed to the Townships January 1, 2016 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
General Obligation Bond – Backhoe Loan	\$17,200

- 2. We inquired of management, and inspected the Revenue Ledger Report and Appropriation Ledger 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 bond debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Appropriation Ledger 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 Debt Service fund per the Revenue Ledger Report. The amounts agreed. The Township did not properly record the proceeds in the amount of \$30,000 in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code § 5705.09(E). The Township recorded the proceeds in a Debt Service Fund.
- 5. For new debt issued during 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a dump truck. We inspected the Payment Register Detail Report and observed the Township purchased a dump truck in August of 2017.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for all employees from 2017 and one payroll check for all employees from 2016 from the Wage Detail Report and:
 - a. We compared the salary recorded in the Wage Detail Report to supporting documentation (statutorily-approved 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 required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
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	1/31/18	12/23/17	\$661.60	\$661.60
State income taxes	1/15/18	12/31/17	\$100.18	\$100.18
OPERS retirement	1/30/18	12/23/17	\$807.57	\$807.57

3. For the pay periods ended December 5, 2017 and July 4, 2016, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax Funds per the Wage Detail Report. We found no exceptions.
4. For the pay periods described in the preceding procedure, we traced the 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

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. In 2016, we found one disbursement in which the Township did not maintain supporting documentation (i.e. invoice). The Township should maintain support for all disbursements made during the year. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.

Non-Payroll Cash Disbursements (Continued)

- 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 § 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 § 5705.36(A)(1), to the amounts recorded in the Comparison of Budget and Appropriated Report for the General, Gasoline Tax and General Bond Retirement Backhoe Loan 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, Gasoline Tax and General Bond Retirement Backhoe Loan 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 § 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 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 General Bond Retirement Backhoe Loan Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code §§ 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 General Bond Retirement Backhoe Loan Funds for the years ended December 31, 2017 and 2016. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code § 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 General Bond Retirement Backhoe Loan Funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code § 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. In 2017, the Township received a USDA Grant in the amount of \$41,250 to help finance the purchase of a dump truck. The Township recorded this receipt into the Debt Service Fund instead of a Capital Projects Fund.
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. The Township had three Miscellaneous Special Revenue Funds and one FEMA Special Revenue Fund in 2017 and 2016 that no longer have activity.

Compliance – Budgetary (Continued)

8. We inspected the 2017 and 2016 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code §§ 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 § 5705.13. 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 § 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. 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 § 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 § 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 upon 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. 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 § 507.12. The fiscal officer, whose term commenced on April 1, 2016, has obtained 3 hours of 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.

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

April 9, 2018

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WASHINGTON TOWNSHIP

MONROE 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
APRIL 24, 2018**