



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Washington Township
Darke County
1172 State Route 502
Greenville, Ohio 45331

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Washington Township (the Township), on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2016 and 2015 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, 2016 and 2015 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the 2015 Cash Summary by Fund Report to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016, beginning fund balances recorded in the 2016 Cash Summary by Fund Report to the December 31, 2015 balances in the 2015 Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016, bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016, 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 inspected investments held at December 31, 2016 and December 31, 2015 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 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to confirm 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 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 2016 and 2015. The Receipts Detail Report included the proper number of tax receipts for each year.
3. We haphazardly selected all four receipts from the State Distribution Transaction Lists (DTL) from 2016 and all four from 2015. We also haphazardly selected five receipts from the Darke County Vendor Expense Report from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. For 2016, we noted one instance where a DTL receipt from November 4, 2016, for \$343 for liquor permit fees, was not deposited or recorded in the UAN accounting system. The misplaced check was re-issued by the Ohio Department of Commerce in May 2017. The Township deposited the check and posted the receipt to the accounting system.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We inspected the Receipts Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management and inspected the Revenue Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. There were no new debt issuances, nor any debt payment activity during 2016 or 2015.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 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 no exceptions.

- 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 employee's timesheet or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions, except as noted in #4 below.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 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 2016. 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, 2017	February 2, 2017	\$1,722.58	\$1,722.58
State income taxes	January 15, 2017	December 29, 2016	\$176.90	\$176.90
Village of Union City income tax	January 30, 2017	December 29, 2016	\$90.38	\$90.38
Mississinawa School Tax	January 30, 2017	December 29, 2016	\$2.59	\$2.59
OPERS retirement	January 30, 2017	December 29, 2016	\$234.28	\$234.28

3. For the pay periods ended March 31, 2016 and September 7, 2015, we recomputed the allocation of the Boards' salaries to the General and Gas Tax Fund per the Wage Detail Report. We found no exceptions.
4. For the pay periods described in the preceding step, we traced the Boards' salaries for time or services performed to supporting certifications the Revised Code requires. The Township did not maintain the required monthly Board certifications; therefore, total 2016 and 2015 Board salaries that were allocated to the Gas Tax Fund of \$21,276 and \$23,194, respectively, will be adjusted to the General Fund. The Township has posted fund balance adjustments to the accounting system for these amounts.
5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with Ohio Rev. Code Sections 505.60 and 505.601 and federal regulations.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended 2015 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 one instance where no proper invoice for annual mower fuel reimbursement was provided.

- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. In 2016 and 2015, Ohio Township Association Risk Management Agency annual insurance premiums of \$3,560 and \$3,553, respectively, were posted to the Road and Bridge Fund; those payments should have been posted to the General Fund. In addition, we noted two instances in 2016 where building maintenance charges of \$646 and \$7,500, respectively, were posted to the Motor Vehicle License Tax Fund. Those charges should have been posted to the General Fund. The Township has posted fund balance adjustments to the accounting system for these amounts.
- 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 sixteen 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 test 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, Gas Tax, and Road and Bridge funds for the years ended December 31, 2016 and 2015. The amounts agreed.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Gas Tax, and Road and 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 2016 and 2015 for the following funds: General, Gas Tax, and Road and Bridge. 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, Gas Tax, and Road and Bridge funds for the years ended December 31, 2016 and 2015. 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, 2016 and 2015 for the General, Gas Tax, and Road and 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 Revenue Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Township received new restricted receipts. We observed no

evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.

7. For funds existing in prior years, we inspected 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.
8. We inspected the 2016 and 2015 Interfund Transfer Listing Reports 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.
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 Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balance. 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 balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 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

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. We confirmed the Township filed its complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016, and 2015 in the Hinkle system. Financial information for 2016 was filed on May 3, 2017, which was not within the allotted timeframe

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 for the use of the Township to assist in evaluating its receipts, disbursements and balances recorded in its cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances. This report 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

May 26, 2017



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WASHINGTON 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
JUNE 13, 2017