



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Franklin Township  
Monroe County  
41200 Sandbar Road  
Lewisville, Ohio 43754

We have performed the procedures enumerated below on Franklin Township's, Monroe County, Ohio (the Township), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2021 and 2020 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, 2021 and 2020 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township.

The Board of Trustees and the management of the Township have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2021 and 2020, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash and Investments

1. We recalculated the December 31, 2021 and December 31, 2020 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2020 beginning fund balances for each fund recorded in the cash journal to the December 31, 2019 balances in the prior year basic audit report working papers. We found no exceptions. We also agreed the January 1, 2021 beginning fund balances for each fund recorded in the cash journal to the December 31, 2020 balances in the cash journal. We found no exceptions.
3. We agreed the 2021 and 2020 Bank Reconciliation as of December 31, 2021 and 2020 to the total fund cash balances reported in the cash journal and the financial statements filed by the Township in the Hinkle System. For 2021 and 2020, we noted variances of \$22,355 and \$20,122, respectively, when comparing the cash journal to financial statements filed in the Hinkle System. This was due to the Fiscal Officer's cash journal not being calculated correctly.

### **Cash and Investments (Continued)**

4. We confirmed the December 31, 2021 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, 2021 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2021 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, and determined the debits were dated prior to December 31. We found no exceptions.
6. We inspected investments held at December 31, 2021 and December 31, 2020 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code § 135.13, 135.14 or 135.144. We found no exceptions
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We found no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the Monroe County Auditor Expenditure by Vendor Reports for 2021 and a total of five from 2020:
  - a. We compared the amount from the above named reports to the amount recorded in the cash journal. The amounts agreed.
  - b. We inspected the cash journal to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. In 2021, we noted a homestead and rollback receipt was posted 100% to the Road and Bridge Fund instead of a portion being allocated to the General Fund in the amount of \$740. In 2020, we noted a homestead and rollback receipt was posted 100% to the General Fund instead of a portion being allocated to the Road and Bridge Fund in the amount of \$590. We brought this to management's attention. They corrected the General and Road and Bridge 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.
  - c. We inspected the cash journal to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the cash journal to determine whether it included two real estate tax receipts for 2021 and 2020. The cash journal included the proper number of tax receipts for each year. We found no exceptions.

### **Other Receipts**

We selected 10 other receipts from the year ended December 31, 2020 and:

- a. Agreed the receipt amount recorded in the cash journal to supporting documentation. The amounts agreed.
- b. Inspected the cash journal to determine the receipt was posted to the proper fund and was recorded in the proper year. We noted one receipt for a gas and oil lease in the amount of \$17,603 that was recorded in the Road and Bridge Fund, instead of the General Fund. We brought this to management's attention. They corrected the General and Road and Bridge fund balances for this item. 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 basic audit documentation, we observed the following leases were outstanding as of December 31, 2019. These amounts agreed to the Townships January 1, 2020 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2019:
Kubota Lease	\$76,000

2. We inquired of management and inspected the cash journal for evidence of debt issued during 2021 or 2020 or debt payment activity during 2021 or 2020. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of lease debt activity for 2021 and 2020 and agreed principal and interest payments from the related debt amortization schedule to General Fund payments reported in the cash journal. We also compared the date the debt service payments were due to the date the Township made the payments. There were lease payments made after the due dates for several months.

**State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Logan Norman, Fiscal Officer, was the official responsible for paying bills on time. The Fiscal Officer did not pay the monthly Kabota lease payments in a timely manner in 2021 and 2020. This repeated failure to pay these invoices timely is considered gross negligence. As a result of the above mentioned instances regarding Mrs. Logan Norman, the Township incurred finance charges from Kabota Leasing. Specifically, the total amount of finance charges that were paid by the Township to Kabota Leasing in 2021 and 2020 were \$741 and \$190, respectively. The finance charges paid by the Township serve no proper public purpose and could have been avoided had the invoices been paid in a timely manner.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Logan Norman, Fiscal Officer, and her bonding company, the Ohio Township Association Risk Management Authority, in the amount of \$931, and in favor of the Township’s General Fund.

On February 14, 2023, \$931 was repaid to the Township’s General Fund.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2021 and one payroll check for five employees from 2020 from the cash journal and:
  - a. We compared the hours and pay rate, or salary recorded in the cash journal to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
    - i. We inspected the employees’ personnel files and minute record for the Retirement system, Federal, State & Local income tax withholding authorization.

**Payroll Cash Disbursements (Continued)**

- ii. We agreed these items to the information used to compute gross and net pay related to this check.  
 During 2020, the Fiscal officer was overcompensated in the amount of \$124, as the Fiscal Officer was not entitled to the increased salary level until the new term commenced on April 1, 2020.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files and minute record. We found no exceptions.
  - d. We 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, 2021 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 2021. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2022	January 5, 2022	\$918.03	\$918.03
State income taxes	January 15, 2022	December 23, 2021	\$210.00	\$210.00
OPERS retirement	January 30, 2022	January 18, 2022	\$867.36	\$867.36

We found no exceptions.

- 3. For the pay periods ended July 31, 2021 and July 31, 2020, we
  - a. Recomputed the allocation of the Fiscal Officer's and Boards' salary amounts to the General, Gasoline Tax, Motor Vehicle License Tax, and Road and Bridge Funds per the cash journal.
  - b. Traced the Fiscal Officer's and Boards' pay for time or services performed to supporting certifications.

We noted the following:

Ohio Rev. Code § 507.09(D) states that a township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

Ohio Rev. Code § 505.24(C) states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution.

### Payroll Cash Disbursements (Continued)

Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

For the pay periods described above, we traced the Fiscal Officer's and Boards' salary for time or services performed to supporting certifications the Revised Code requires. We determined the Township improperly allocated \$4,954 to the General Fund instead of to the Gasoline Tax, Road and Bridge, and the Motor Vehicle License Tax Funds in the amounts of \$3,336, \$1,007 and \$611, respectively, according to the certifications.

This adjustment was brought to the attention of management and has been posted by the Township to the accounting records. However, because we did not inspect all payroll disbursements, our report provides no assurances regarding whether or not other similar errors occurred.

4. We compared total gross pay for the fiscal officer and each board member for 2021 and 2020 to the compensation permitted by Ohio Revised Code §§ 507.09 and 505.24, respectively. As noted about in step 1, during 2020, the Fiscal officer was overcompensated in the amount of \$124, as the Fiscal Officer was not entitled to the increased salary level until the new term commenced on April 1, 2020.
5. We inquired of management and inspected the Cash Journal for the years ended December 31, 2021 and 2020 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 §§ 505.60, 505.601, 505.602 and 505.603 and federal regulations.

### Non-Payroll Cash Disbursements

1. From the Cash Journal, we re-footed checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *public works* in the Road and Bridge fund for 2021. We found no exceptions.
2. We selected 10 disbursements from the Cash Journal for the year ended December 31, 2021 and 10 from the year ended 2020 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 Cash Journal 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. We found one instance where a disbursement requiring certification was not certified and fifteen 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 § 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.

### **Compliance – Budgetary**

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2021 and 2020 for the General, Gasoline Tax Fund and Motor Vehicle License Funds as recorded in the Cash Journal and appropriation resolution. Gasoline Tax Fund expenditures for 2021 exceeded total appropriations by \$260 and General Fund expenditures for 2020 exceeded total appropriations by \$2,223 contrary to Ohio Rev. Code § 5705.41(B).
2. We inspected the Cash Journal for the years ended December 31, 2021 and 2020 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 balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Township's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7(c)) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We performed the following:
  - a. We inquired with Township management and determined that the Township did not have any completed public records requests during the engagement period.
  - b. We inquired with Township management and determined that the Township did not have any denied public records requests during the engagement period.
  - c. We inquired with Township management and determined that the Township did not have any public records requests with redactions during the engagement period.
3. We inquired with Township management and determined that the Township did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the Township's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the Township's poster describing their Public Records Policy was displayed conspicuously in all branches of the Township as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.



### **Sunshine Law Compliance (Continued)**

8. We inspected individual proof of attendance and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(B). We noted Two Trustees did not attend the required training for their terms and no designee was assigned.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Township notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Formal governing board actions were adopted in open meetings.We found no exceptions

### **HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance**

1. We inquired of management and those charged with governance and documented how the Township decided to spend their CRF allocations and how the Township documented their compliance with the CARES Act three-prong test. We then selected five transactions including payroll, non-payroll, and subgrant/subloan transactions. and determined the Township:
  - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
  - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We inquired with management and inspected the Cash Journal to determine the local government did not have an unencumbered balance of money to pay back to the county treasurer. We found no exceptions.

### **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 regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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, 2021 and 2020 in the Hinkle system. Financial information for 2021 was filed on April 29, 2022 and financial information for 2020 was filed on March 31, 2022 which was not within the allotted timeframe.

**Other Compliance (Continued)**

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 and 733.81. The Fiscal Officer obtained 21.25 of the required 24 hours of training.

We were engaged by the Township to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the Township and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 3, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**FRANKLIN TOWNSHIP**

**MONROE COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 3/21/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)