



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Franklin Township
Monroe County
41200 Sandbar Road
Lewisville, Ohio 43754

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of the Franklin Township, Monroe County, (the Township) for the years ended December 31, 2023 and 2022.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 117.11(A). Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Township's financial statements, transactions or balances for the years ended December 31, 2023 and 2022.

The Township's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. We noted the Township did not adopt a formal records retention schedule. Ohio Rev. Code § 149.43(B)(2) states, in part, a public office shall have available a copy of its current records retention schedule at a location readily available to the public. Ohio Rev. Code § 149.381 states, in part, when a records commission has approved a schedule of records retention, the records commission shall send that schedule of records retention to the Ohio History Connection for its review. Upon completion of its review, the Ohio History Connection shall forward the schedule of records retention to the Auditor of State for the Auditor of State's approval or disapproval. The Township should adopt a formal records retention schedule and send it to the Ohio History Connection for review.
2. We noted two Trustees did not attend public records training for their terms ended December 31, 2023. Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. The elected officials or their designees should attend public records training during their term of office.

Current Year Observations (Continued)

3. We noted the Fiscal Officer did not pay the monthly Kubota lease payments in a timely manner in 2023 and 2022 resulting in the Township paying a total of \$1,455 in finance charges. Further the Fiscal Officer did not make the November 2023 payment timely to the Woodsfield Savings Bank for the truck promissory note resulting in the Township paying \$43 in finance charges. 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. 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” rest 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. In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is issued against Logan Norman, Fiscal Officer, in the amount of \$1,498, in favor of the Township's General Fund. The full amount was repaid under audit by the Fiscal Officer on October 15, 2024.
4. We noted the Township did not timely file financial reports with the Auditor of State for fiscal year ends December 31, 2023 and December 31, 2022. Ohio Rev. Code § 117.38 states, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within 60 days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within 150 days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension. The Township should submit financial reports to the HINKLE system prior to the due date.
5. The Township posted Local Fiscal Recovery receipts and expenditures in the amount of \$16,946 to the Road and Bridge Fund, instead of a fund designated for the Local Fiscal Recovery Funds (Fund #2272-2279). Further, the Township posted a gasoline excise tax receipt in the amount of \$10,389 to the Motor Vehicle License Tax Fund instead of the Gasoline Tax Fund. Ohio Rev. Code § 5705.10(D) states all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. The Township should refer to the Township Handbook for guidance for the proper establishment of new funds. Also, the Township should refer to Auditor of State Bulletin 2021-004 for guidance on accounting for federal programs authorized by the American Rescue Plan Act of 2021. The Township has made this adjustment.
6. We noted thirteen of the 2023 expenditures, and twelve of the 2022 expenditures did not have supporting documentation. Maintaining organized documentation and support for financial transactions is essential in assuring the Township financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Additionally, Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§149.38 through 149.42. Supporting documentation for all expenditures should be retained by the Township and presented for audit.

Current Year Observations (Continued)

7. We noted the Township entered into a promissory note on October 17, 2023, with Woodfield Savings Bank to purchase a truck. The Township made principal payments on this note in the amount of \$868 in 2023. Ohio Rev. Code Chapter 133 authorizes certain methods by which subdivisions may incur debt. Ohio Rev. Code § 133.22, a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute. Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue. This type of debt is not authorized in Ohio Rev. Code Chapter 133. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.
8. We noted the Township did not maintain a budgetary accounting system to allow the comparison of budgeted receipts/disbursements to actual receipts/disbursements. Ohio Admin Code § 117-2-02(C) provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances or appropriations.
9. We noted debt proceeds and the related capital outlay for the purchase of a truck in the amount of \$29,488 were not recorded in the Township's records. The bank paid the vendor directly for the purchase; therefore, the amounts did not flow through the Township's normal receipt and disbursement process. The Township should record receipts and related payments made on their behalf by a third party in the Township's ledgers to ensure all Township activity is recorded.



Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2024

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 11/7/2024

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This report is a matter of public record and is available online at
www.ohioauditor.gov