

OHIO AUDITOR OF STATE KEITH FABER



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May 15, 2019

The Honorable Steven Lantz, Chair
The Honorable Jeffery Kuhn, Township Trustee
The Honorable John McCarron, Township Trustee
Franklin Township
525 Boyce Road
Shelby, OH 44875

Dear Board of Trustees:

On August 8, 2013, Franklin Township, Richland County (the Township) was declared to be in a state of fiscal caution by the Auditor of State. The declaration was based on a review of the Township's financial records on May 9, 2013. The 2009-2010 financial audit included significant deficiencies, material weaknesses and direct and material noncompliance with Ohio law including, but not limited to, no subdivision is to expend money unless it has been appropriated and that total appropriations from each fund shall not exceed the total estimated resources. The Township also failed to file annual reports with the Auditor of State's office. Based on a review of fund financial data for Franklin Township at December 31, 2012, fund balances could not be determined for either 2011 or 2012 because the records for the Township were in very poor condition and in need of reconstruction. The Township had not reconciled its account journals and ledgers with the bank. The last reconciliation at that time was December 31, 2010 (30 months).

Over the past years, the Local Government Services Section of the Auditor of State's Office has met with the Fiscal Officer to review the actions taken to eliminate these deficiencies. A summary of our review of the Township's progress in resolving the deficiencies that led to the Declaration of Fiscal Caution on August 8, 2013, follows.

Deficit Fund Balances

Deficiency: Fund balances could not be determined for either 2011 or 2012 because the records for the Township were in very poor condition and in need of reconstruction. The Township had not reconciled its account journals and ledgers with the bank. The last reconciliation at that time was December 31, 2010 (30 months).

Resolution: The Township prepared a Fiscal Recovery Plan that included thirty actions that would improve the health of multiple funds through a combination of increasing revenues, reducing expenditures and complying with Ohio Revised Code for budgeting. The Township also addressed all issues related to failing to reconcile and have been reconciling monthly for the past several years. The Township has also implemented all thirty actions listed in the Fiscal Recovery Plan and as a result, Franklin Township had no deficit funds as of April 16, 2019. The general fund balance was \$52,894 at April 16, 2019.

Significant Deficiencies, Material Weaknesses and Direct and Material Noncompliance Citations with Ohio Law

Deficiency: The Township should identify and correct significant deficiencies, material weaknesses and direct and material noncompliance citations with Ohio law as addressed in the Schedule of Findings and in the Management Letter that accompanied the Township's financial audit report for 2009 and 2010.

Resolution: The Township has corrected the significant deficiencies, material weaknesses, and direct and material noncompliance with Ohio law as outlined in the 2009-2010 audit as follows:

- The Township correctly pays its fiscal officer and trustee salaries per Ohio Revised Code guidance.
- The Township currently ensures that signatures from two trustees and the fiscal officer are on every check paid.
- The Township deposits all monies received within twenty-four hours.
- The Township certifies that revenues are available for all of its purchases and that appropriations have been passed by the trustees for those purchases.
- The Township currently ensures that all expenditures are within appropriations.
- The Township files their balanced annual appropriations with the County Auditor by the required date.
- The Township's appropriations are within the total estimated resources certified by the County Auditor.
- The Township currently has no deficit funds.
- The Township monitors actual receipts in comparison to its current estimated resources to determine if a new amended certificate is required.
- The Township follows all bidding requirements.
- The Township no longer advances from one fund to another.
- The Township currently uses the Uniform Accounting Network to maintain an accurate record of the Township's accounts and transactions.
- The Township submits all required taxes withheld to the Internal Revenue Service and the Ohio Department of Taxation.
- The Township issues 1099's to all of the independent contractors who have done business with the Township.
- The Township includes all official business within the minutes.

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Conclusion:

Franklin Township has made satisfactory progress in correcting the deficiencies listed above and the Township's fiscal caution status under Section 118.025 of the Ohio Revised Code has been terminated.

My sincere congratulations and hope for continued success to Franklin Township in maintaining financial stability in future years.

Sincerely,

A handwritten signature in blue ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

cc: Jennifer Washburn, Fiscal Officer
Robert R. Hinkle, Chief Deputy Auditor
Unice S. Smith, Chief of Local Government Services
Nita Hendryx, Chief Project Manager, Local Government Services
Stacie Scholl, Chief Auditor