



**Mary Taylor, CPA**  
Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Franklin Township  
Wayne County  
1661 Kimber Road  
Wooster, Ohio 44691

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Franklin Township, Wayne County, Ohio, (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2009 and 2008, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. 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*. 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 tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances to the December 31, 2007 balances in the prior year audited statements. The amounts agreed.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2009 and 2008 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2009 bank account balances with the Township's financial institutions. We found the Township CD and Money Market balance per the bank reconciliation was \$500,500.42, but these balances per the bank confirmation were \$500,370.16. Additionally, we noted the Township has a business interest checking account with The Commercial and Savings Bank which the confirmed balance was \$40.00. However, the Township does not have this amount included on their books.

**Officials' Response:** We had just begun the process of transferring money to the Commercial & Savings Bank. This difference was because of incorrect recording of fees on investments. It was necessary to transfer \$40.00 to establish a checking account during the initial period of opening up the checking account at Commercial & Savings Bank.

5. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
  - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.

### Cash and Investments (Continued)

- b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2009 to determine that they:
    - a. Were of a type authorized by OhioRev. 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 except four of the six certificates of deposit did not mature within one year from the deposit date and were not designated as inactive deposits.

**Officials' Response:** We will designate inactive fund amounts in our minutes. Also, an investment policy will be put in place in our township minutes.

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

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2009 and one from 2008:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether 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 determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2009 and 2008:
  - a. One personal property tax receipt in 2009
  - b. Two personal property tax receipts in 2008
  - c. Two real estate tax receipts in both 2009 and 2008We noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2009 and from 2008. We also selected five receipts from the County Auditor's DTL's from 2009 and five from 2008.
  - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed. However, we did note the Township received an estate tax receipt that was posted at net; however, it should have been posted at the gross amount and the related auditor and treasurer fees should have been posted as an expenditure.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions, except manufactured home rollback receipts were posted to the General Fund only rather than allocating a portion to the Road & Bridge fund and Fire & EMS fund. The 2009 amount that should have been allocated to the Road & Bridge fund and Fire & EMS fund were \$47.76 and \$28.08, respectively. The 2008 amount that should have been posted to the Road & Bridge fund and Fire & EMS fund were \$43.34 and \$26.18, respectively.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

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

**Officials' Response:** We will make a memo receipt for future estate tax receipts and will make sure to allocate manufactured home rollback receipts to all three funds in the future.

**Debt**

1. We noted no new debt issuances, nor any debt payment activity during 2009 or 2008.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Employee Detail Adjustment Report and determined whether the following information in the minute record and personnel records were consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department(s) and fund(s) to which the check should be charged.
  - d. Retirement system participation and payroll withholding.
  - e. Federal, State & Local income tax withholding authorization and withholding.
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above., except the retirement system enrollment forms and the state and federal withholding forms were not maintained for all employees. However, the payroll register did disclose retirement withholdings and state income tax withholdings for these employees. We recommend the Township maintain all documentation to support wages paid and deductions withheld.

**Officials' Response:** IT4's and W-4's will be maintained for township officials and employees.

2. We tested the checks we selected in step 1, as follows:
  - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate). We found no exceptions.
  - b. We determined whether the fund and account codes to which the check was posted was reasonable based on the employees' duties as documented in the minute record as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

<b>Withholding</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Withheld</b>	<b>Amount Paid</b>
Federal income taxes withheld plus Medicare	January 31, 2010	12/28/09	\$566.09	\$566.09
State income taxes	January 15, 2010	12/28/09	\$458.64	\$458.64
OPERS retirement (withholding plus employer share)	January 30, 2010	12/28/09	\$2,218.65	\$2,218.65

#### Payroll Cash Disbursements (Continued)

4. For 2009 and 2008, Board salaries were paid entirely from the General Fund, as documented in the UAN Appropriation Account Summary.

#### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2009 and ten from the year ended 2008 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 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. 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 two instances where the purchase order was not signed resulting in the disbursements not being certified and one instance where the certification date was after the vendor invoice date. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

**Officials' Response:** An oversight in signing these purchase orders. The fiscal officer was not in attendance for this meeting because of a work commitment and forgot to sign these purchase orders.

#### Compliance – Budgetary

1. We compared the total from the *Amended Official 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, Gasoline Tax and Fire & EMS funds for the years ended December 31, 2009 and 2008. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$156,065.12 and \$186,812.45 for 2009 and 2008, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$154,615 and \$168,000, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Gasoline Tax fund of \$96,820 and \$88,085.60 for 2009 and 2008, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$96,500 and \$94,000, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Fire & EMS fund of \$75,130 and \$73,500 for 2009 and 2008, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$75,000 and \$83,600, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

**Officials' Response:** The fiscal officer will use Amended Certificate #1 and will compare the amounts to verify that the amounts do agree.

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Gasoline Tax and Fire & EMS 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.

### **Compliance – Budgetary (Continued)**

3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2009 and 2008 for the following funds: General, Gasoline Tax and Fire & EMS funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Fire & EMS funds for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 for the General, Gasoline Tax and Fire & EMS funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2009 and 2008 Revenue Status Reports and Appropriation Status 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.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.

### **Compliance – Contracts & Expenditures**

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2009 and 2008 for procurements requiring competitive bidding under the following statutes:
  - a. Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000. (Ohio Rev. Code Section 5549.21)
  - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Rev. Code Section 511.12)
  - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Rev. Code Sections 505.37 to 505.42)
  - d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Rev. Code Section 515.07)
  - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
  - f. Private sewage collection tile costs exceeding \$25,000 (Ohio Rev. Code Sections 521.02 to 521.05)

**Compliance – Contracts & Expenditures (Continued)**

- g. Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000 (Ohio Rev. Code Section 505.37(A))

We identified purchases for chip and seal road work exceeding \$25,000, subject to Ohio Rev. Code Section 5549.21. For these purchases, we noted the Board advertised in the local newspaper and selected the best bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2009 and 2008 to determine if the Township had road construction projects exceeding \$45,000 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.
3. For the road maintenance project described in step 1 above, we read the bid specifications and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and is not intended to be, and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 13, 2010





**Mary Taylor, CPA**  
Auditor of State

**FRANKLIN TOWNSHIP**

**WAYNE 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  
NOVEMBER 4, 2010**