



Dave Yost • Auditor of State





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

Franklin Township  
Portage County  
PO Box 291  
Kent, Ohio 44240

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Franklin Township (the Township), on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2017 and 2016 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, 2017 and 2016 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

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2015 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2016 balances in the 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, 2017 and 2016 fund cash balances reported in the Cash Summary by Fund Report. The amounts agreed.
4. We confirmed the December 31, 2017 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, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation.

### **Cash (continued)**

- a. We traced three of the five debits to the subsequent January bank statement. Of the two that could not be traced to the subsequent month's bank statement, one was voided after year-end and the other was never cashed or voided. This check should be voided.
- b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were 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 2017 and one from 2016:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger by Fund Report. The amounts agreed.
  - b. We inspected the Revenue Ledger by Fund 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 Revenue Ledger by Fund Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger by Fund Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Revenue Ledger by Fund Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the County Auditor's DTLs from 2017 and five from 2016.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger by Fund Report. The amounts agreed.
  - b. We inspected the Revenue Ledger by Fund Report to determine that these receipts were allocated to the proper fund(s). One exception was noted.  
During 2016 the Fiscal Officer allocated undivided liquor permit fees to the Special Revenue Gasoline Tax Fund rather than the General Fund resulting in an overstatement of intergovernmental receipts in the Gasoline Tax Fund and an understatement of intergovernmental receipts in the General Fund totaling \$2,090.
  - c. We inspected the Revenue Ledger by Fund 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, 2015.
2. We inquired of Fiscal Officer, and inspected the Revenue Ledger by Fund Report and Payment Listing Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances, nor any debt payment activity during 2017 or 2016.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 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 noted documentation was not maintained for pay rates of three Township employees. Pay rates should be formally approved by the Board of Trustees, memorialized in the minute record and maintained in the employee's personnel file.
  - 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 minutes, union agreement, state statute and job descriptions. We also 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, 2017 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 2017. 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 (and social security, for employees not enrolled in pension system)	January 31, 2018	January 8, 2018	\$4,537.06	\$4,537.06
State income taxes	January 15, 2018	January 9, 2018	\$1,029.86	\$1,029.86
Local income tax	January 15, 2018	January 9, 2018	\$731.44	\$731.44
OPERS retirement	January 30, 2018	January 9, 2018	\$8,696.93	\$8,696.93

3. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Listing Report for the year ended December 31, 2017 and ten from the year ended 2016 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 Listing 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.

### Non-Payroll Cash Disbursements (Continued)

- 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 one instance 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 inspect 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 Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Ledger by Fund Report for the General, the Special Fire Levy and Hudson Road North funds for the years ended December 31, 2017 and 2016. The amounts on the *Amended Certificate* agreed to the amount recorded in the accounting system, except for the General Fund and the Hudson Road North Fund.

The Revenue Ledger by Fund Report recorded budgeted (i.e. certified) resources for the General and Hudson Road North funds of \$455,100 and \$764,400 for 2017, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$455,000 in the General Fund and \$763,500 in the Hudson Road North Fund. The Fiscal Officer should periodically compare amounts recorded in the Revenue Ledger by Fund 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.

2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, the Special Fire Levy and the Hudson Road North 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 2017 and 2016 for the following funds: the General Fund, the Special Fire Levy, and the Hudson Road North Fund. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status Report.

In 2016, appropriations in the accounting system, as listed on the Appropriation Status Report, were \$549,816, \$667,414 and \$288,104 in the General, Special Fire Levy and Hudson Road North funds, respectively. However, the appropriations resolutions reflected \$562,436, \$551,070 and \$482,500 in the General, Special Fire Levy and Hudson Road North funds, respectively.

In 2017, except for the Special Fire Levy Fund, appropriations approved by the Board of Trustees agreed to the amount recorded in the accounting system. Appropriations in the accounting system, as listed on the Appropriation Status Report, for the Special Fire Levy Fund were \$751,070. However, the appropriation resolution for this fund reflected \$ 750,000.

The fiscal officer should periodically compare amounts listed on the Appropriation Status Report to appropriations approved by the Board of Trustees to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

#### **Compliance – Budgetary (continued)**

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, the Special Fire Levy and the Hudson Road North funds for the years ended December 31, 2017 and 2016. Hudson Road North Fund appropriations for 2016 exceeded certified resources by \$194,369, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
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, 2017 and 2016 for the General, Special Fire Levy and Hudson Road North funds, as recorded in the Appropriation Status Report. Hudson Road North Fund expenditures for 2016 exceeded total appropriations by \$81,984, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Revenue Ledger by Fund Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. 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 2017 and 2016 Revenue Ledger by Fund Report and Appropriation Status Report 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
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, 2017 and 2016 for negative cash fund balances. 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 balances.

## Compliance – Contracts & Expenditures

We inquired of management and inspected the Appropriation Status Report for the years ended December 31, 2017 and 2016 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

1. 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. 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, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. 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, 2017 and 2016 in the Hinkle system. There were no exceptions.
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 Section 507.12 and 733.81. The Fiscal Officer obtained the required training.

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 to provide 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, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 5, 2018





# Dave Yost • Auditor of State

**FRANKLIN TOWNSHIP**

**PORTAGE 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  
SEPTEMBER 25, 2018**