



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Latty Township
Paulding County
204 Tyler St
PO Box 47
Grover Hill, OH 45849-0047

We have performed the procedures enumerated below on Latty Township's (the Township) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 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, 2020 and 2019 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, 2020 and 2019, 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, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances for each opinion unit recorded in the Fund Status Report to December 31, 2018 balances in the prior year audited statements. We also agreed the January 1, 2020 beginning fund balances for each fund recorded in the Fund Status Report to the December 31, 2019 balances in the Fund Status Report. We found no exceptions.

Cash and Investments (Continued)

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2020 bank account balances with the Township's financial institution. The checking account balance agreed; however, the bank balances for the seven certificates of deposit did not agree due to \$2,933.56 in interest that was earned on the certificates of deposit at December 31, 2020, but was not recorded on the Township's accounting system. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation with exceptions as described above.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 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 Payment Register Detail Report, and determined the debits were dated prior to December 31. There were no exceptions.
6. We inspected the Fund Status Report to determine whether the Findings for Adjustment identified in the prior audit report and management letter, due from the General and Cemetery funds, payable to the Gasoline Tax, Road and Bridge, Special Levy Fire and Special Levy EMS funds, was properly posted to the ledgers and reflected in the fund balances in Procedure 2. We found no exceptions.
7. We inspected investments held at December 31, 2020 and December 31, 2019 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 and Intergovernmental

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the County Auditor Vendor Expense Report for 2020 and a total of five from 2019:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. We identified one Windfarm distribution receipt in 2020 posted at the net amount rather than gross, therefore General and Special Revenue – Road & Bridge funds miscellaneous revenue and fees in the amount of \$626.73 and \$216.81, respectively, were not posted to the Township's accounting system. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
 - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Detail Report 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 Receipt Detail Report to determine whether it included two real estate tax receipts for 2020 and 2019. The Receipt Detail Report included the proper number of tax receipts for each year.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2018.
2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. There were no new debt issuances, nor any debt payment activity during 2020 or 2019.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Wage Withholdings 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).
 - i. We inspected the employees' withholding files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.

There was one instance in 2019 where an employee's wage rate was not approved by the Trustees in the record of Minutes, however, the rate was the same as the employee's replacement for the same position in 2020. Because we did not compare all employee's wage rates to board approved records, our report provides no assurance whether or not other similar errors occurred. Also see step #4 for exceptions pertaining to elected officials compensation permitted by Ohio Revised Code §§ 507.09 and 505.24.
 - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the minute record as required by statute. We found no exceptions.
 - c. 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, 2020 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 2020. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2021	December 31, 2020	\$1,137.40	\$1,137.40
State income taxes	January 31, 2021	December 31, 2020	\$364.26	\$364.26
School District 6303 Tax	January 31, 2021	December 31, 2020	\$128.42	\$128.42
OPERS retirement	February 1, 2021	January 16, 2021	\$963.92	\$963.92

3. For the pay periods ended December 31, 2020 and March 31, 2019, we
 - a. Recomputed the allocation of the Fiscal Officer's and Boards' salary amounts and Employer Share Withholdings to the General and Gasoline Tax Fund per the Wage Detail Report.
 - b. Traced the Boards' pay for time or services performed to supporting certifications the Revised Code requires.

Payroll Cash Disbursements (Continued)

Ohio Rev. Code § 505.24(C) sets forth the method by which township trustees' compensation should be allocated. By summary, Ohio Revised Code § 505.24(C) permits trustees to receive annual salaries.

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. To be paid from any fund(s) other than the general fund, the resolution must also specify the proportions of the salary that are to be paid from each fund. 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. However, for *salaries* not paid from the general fund, 2004 Ohio Attorney General Opinion 2004-036 established the following documentation requirements. 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. If any part of a salaried trustee's compensation is paid from any fund other than the general fund, the salaried trustee must document all time spent and the type of services performed, in a manner similar to trustees paid a per diem. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. If 100% of the compensation of the township trustee is to be paid from the general fund, no certification is required.

In 2020, one Trustee did not have a signed salary certification for December 2020, contrary to Ohio Rev. Code Section 505.24(C), and his salary was allocated to the General and the Gasoline Tax Funds. In addition, the related employer share of withholdings (OPERS and Medicare) paid for all trustees and the fiscal officer, and medical benefits paid for all trustees, did not follow the payroll allocation.

In 2019, the Trustees did not complete salary certifications for January through September 18, 2019, contrary to Ohio Rev. Code Section 505.24(C). Therefore, all gross salaries, and related employer share of withholdings (OPERS and Medicare), and insurance reimbursements) were not paid from the proper fund. Also, we observed the employer share of withholdings (OPERS and Medicare) for the fiscal officer was not paid from the proper fund. In addition, the related employer contributions (OPERS and Medicare) paid for all trustees from September through December did not follow the payroll allocation.

These errors resulted in the following fund balance adjustments for wage and employer benefits being made to the accounting records:

- 2020 –Decreased the General Fund balance by \$6,495 and increased the Gasoline Tax Fund balance by \$6,495.
 - 2019 –Decreased the General Fund balance by \$31,167 and increased the Gasoline Tax Fund balance by \$31,167.
4. We compared total gross pay for the fiscal officer and each board member for 2020 and 2019 to the compensation permitted by Ohio Revised Code §§ 507.09 and 505.24, respectively. The Fiscal Officer was paid \$1,170 less in 2020, \$4,679 less in 2019, and the Trustees were each paid \$228 less in 2019 than the amounts permitted by the Ohio Revised Code and there was no mention in the Minutes of approving to be paid less than the maximum allowed compensation.

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:
 - a. The disbursements were for a proper public purpose. In 2020 a disbursement included a \$16 meal reimbursement that did not have a detailed receipt and a disbursement included an \$18 reimbursement that did not have supporting documentation or a description of the reimbursement. In 2019 there was a disbursement for \$25 for a memorial donation that did not have supporting documentation and the Township did not have a policy permitting such a disbursement.
 - 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. In 2020 one disbursement included a \$16 meal reimbursement that did not have a detailed receipt and disbursement included an \$18 reimbursement that did not have supporting documentation or a description of the reimbursement. In 2019 there was a disbursement for \$25 for a memorial donation and a disbursement for \$45 for water expense that did not have supporting documentation.

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. The lack of supporting documentation and the lack of a policy for donations or other non-routine disbursements brings into question whether or not the disbursement is for a proper public purpose.

- 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 § 5705.41(D). We found no exceptions.

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, 2020 and 2019 for the General, Gasoline Tax and Special Levy Fire funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
2. We inspected interfund transfers from 2020 and 2019 Revenue Status Reports and Appropriation Status Reports for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Ohio Rev. Code § 5705.16 would require approval by the Tax Commissioner.
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 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 inquired with Township management and determined that the Township did not have any completed public records requests during the engagement period.
3. We inquired whether the Township had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
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 inquired with Township management and determined that the Township did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We inquired with Township management and determined that the Township had a public records policy during the engagement period however, a poster or summary of the public records policy was not displayed in all the branches of the Township as required by Ohio Rev. Code § 149.43(E)(2).

Ohio Rev. Code §149.43(E)(2) states, in part, that all public offices "shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices." The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site. The Township did not display its public records policy.

7. We selected the only applications submitted to the Records Commission for one-time disposal of obsolete records, and management's review of the schedules of records retention and dispositions for the engagement period. We inspected the approval by the Records Commission for the one selected and the review of the schedules. This was required by Ohio Rev. Code §149.42. We found no exceptions.
8. We inspected individual training certificates 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 found no exceptions.
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.

Sunshine Law Compliance (Continued)

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.

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 evaluated and documented their compliance with the CARES Act three-prong test. We then selected all non-payroll transactions, and determined the Township:
 - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements *i.e. Cares Act three-prong test and in accordance with those charged with governance documented use* and
 - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We recalculated the unencumbered balance the local government paid back to the county treasurer and determined the proper amount was repaid. We also compared the date of the repayment to the required date of November 20, 2020 and determined the payment was made in a timely manner. 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, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. We inquired of the fiscal officer and individual training certificates to determine whether the fiscal officer obtained the training required by Ohio Rev. Code §§ 507.12 and 733.81. Fiscal Officer obtained the required 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.

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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.

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

Keith Faber
Auditor of State
Columbus, Ohio

October 6, 2021

OHIO AUDITOR OF STATE KEITH FABER



LATTY TOWNSHIP

PAULDING 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 11/4/2021

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