



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Brown Township  
Vinton County  
23283 Cherry Ridge Road  
New Plymouth, Ohio 45654

We have performed the procedures enumerated below on the Brown Township's, Vinton County, Ohio (the Township), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2021 and 2020 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, 2021 and 2020 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, 2021 and 2020, 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, 2021 and December 31, 2020 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2020 beginning fund balances for each fund recorded in the Fund Ledger Report to the December 31, 2019 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We noted 2018 and 2019 checks voided in 2020 resulted in a variance in the amount of \$4,157. We also agreed the January 1, 2021 beginning fund balances for each fund recorded in the Fund Ledger Report to the December 31, 2020 balances in the Fund Ledger Report. We noted 2020 checks voided in 2021 resulted in a variance in the amount of \$8,133.
3. We agreed the 2021 and 2020 Bank Reconciliation adjusted UAN Balances and Adjusted Bank Balances as of December 31, 2021 and 2020 to the total fund cash balances reported in the Fund Status Report and the financial statements filed by the Township in the Hinkle System. The amounts agreed.

### **Cash and Investments (Continued)**

4. We confirmed the December 31, 2021 bank account balances with the Township's financial institution. The bank balance entered in the UAN system was understated by \$5,753. This was due to the CD interest not being recorded by the Township. We also agreed the confirmed balances to the amounts appearing in the December 31, 2021 bank reconciliation with the exception of interest not being recorded.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2021 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statement. We found four exceptions of checks clearing with incorrect check numbers.
  - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. We found no exceptions.
6. We selected the only reconciling credit (such as deposits in transit) from the December 31, 2021 bank reconciliation:
  - a. We could not trace the credit to the subsequent January or February bank statement. We found that the Fiscal Officer recorded interest twice for December 2021 in the amount of \$20.
7. We inspected the Fund Status Report to determine whether the Findings for Adjustments, identified in the prior agreed-upon procedure report, which was due from the General Fund and payable to the Gasoline Tax and Fire Funds, were properly posted to the ledgers and reflected in the fund balances in Procedure 2. We found exceptions. The Fiscal Officer reversed the audit adjustments in June 2020 due to the Township already posting the \$100,000 certificate of deposit in February 2020. However, the Township had other audit adjustments related to \$11,363 Fire Fund receipts and \$10,400 Gasoline Tax Fund payroll related expenses incorrectly posted to the General Fund totaling \$21,763. The Fiscal Officer has posted this adjustment to the Township's UAN accounting system.
8. We inspected investments held at December 31, 2021 and December 31, 2020 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 Receipts**

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 DTLs for 2021 and a total of five from 2020:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Register Report. We found exceptions. The real estate settlement for first and second half 2021 and second half 2020 were posted at net instead of gross. General Fund and Special Revenue tax receipts and related fees were understated a total of \$427 and \$226, respectively in 2021, and by \$129 and \$99, respectively in 2020.

### **Property Taxes and Intergovernmental Receipts (Continued)**

- b. We inspected the Receipt Register 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 that the second half 2021 and 2020 real estate settlements were incorreceted posted to the General Fund only. As a result, \$5,140 is due from the General Fund to the Fire Fund. In addition, the Township posted the Local Fiscal Recovery receipt received in 2021 to the General Fund in the amount of \$14,875. It should be in a separate Local Fiscal Recovery Fund. The Fiscal Officer has posted these adjustments to the Township's UAN accounting system.
    - c. We inspected the Receipt Register 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 Register Report to determine whether it included two real estate tax receipts for 2021 and 2020. The Receipt Register Report included the proper number of tax receipts for each year. We found no exceptions.

### **Debt**

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2019.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2021 and 2020 or debt payment activity during 2021 or 2020. There were no new debt issuances, nor any debt activity during 2021 or 2020.

### **Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2021 and one payroll check for five employees from 2020 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' personnel 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. We found no exceptions.  
We found four exceptions in 2020 and two exceptions in 2021 where officials were paid using the incorrect rate resulting in overpayments. See Payroll step 3 below for total overpayments identified.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files and 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, 2021 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 2021. We observed the following:

**Payroll Cash Disbursements (Continued)**

<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	January 31, 2022	January 28, 2022	\$1,543	\$1,543
State income taxes	January 31, 2022	January 31, 2022	\$287	\$287
OPERS retirement	January 30, 2022	January 18, 2022	\$3,317	\$3,317

We found exception that the Fiscal Officer did not pay all four quarters of state taxes for 2021 until January 31, 2022. Further, the Fiscal Officer did not pay April through December 2021 federal income taxes until January 28, 2022.

3. We compared total gross pay for the fiscal officer and each board member for 2021 and 2020 to the compensation permitted by Ohio Revised Code §§ 507.09 and 505.24, respectively. We found the fiscal officer Karen Martin was over compensated in 2020 by \$1,059. Trustees Largent and Sheets were each over compensated \$159 and \$530 in 2020 and 2021, respectively for a total of \$689 each. Trustee Thompson was over compensated \$513 in 2020.

**Ohio Rev. Code 507.09(A)** provides a township fiscal officer shall be entitled to compensation as follows: in Township's having a budget of more than two hundred and fifty thousand but not more than five hundred thousand dollars, fourteen thousand and thirty-nine dollars for Fiscal Officers elected or appointed on or before December 27, 2018 and fourteen thousand five hundred and thirty-five for terms starting after.

The Township's annual budget was between \$250,000.01-\$500,000 for 2020. The Fiscal Officer's term was April 1, 2016 through March 31, 2020 and was re-elected in November 2019 for a term of April 1, 2020 through March 31, 2024. Based on this, the Fiscal Officer Karen Martin should have been paid three months under the 2018 salary of \$14,039 which would be \$1,169.92 monthly and nine months under the 2020 salary of \$14,535 which would be \$1,211.25 monthly for a grand total salary for 2020 of \$14,411. The Fiscal Officer was paid \$15,470 which resulted in an overpayment of \$1,059.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public money illegally expended against Karen Martin, Township Fiscal Officer, and her surety company, Travelers Casualty and Surety Company of America, Bond No. 107151647-20-0247, jointly and severally, in the amount of \$1,059, in favor of the Brown Township's General Fund.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Ms. Martin repaid the \$1,059 finding referenced above on August 8, 2022 by reducing her July salary on check number 15446.

### Payroll Cash Disbursements (Continued)

Trustees Floyd Largent, Daniel Sheets, and Heath Thompson approved these payments in 2020 for Fiscal Officer Karen Martin. Accordingly, Floyd Largent and his surety company, Ohio Township Association Risk Management Authority, Bond No. 1031-2, Daniel Sheets and his surety company, Ohio Township Association Risk Management Authority, Bond No. 1031-3, and Heath Thompson and his surety company, Ohio Township Association Risk Management Authority, Bond No. 1031-1, will be jointly and severally liable in the amount of \$1,059 and in favor of the Brown Township's General Fund, to the extent that recovery is not obtained from Karen Martin.

**Ohio Rev. Code § 505.24(A)** provides, in calendar year 2018 each township trustee is entitled to compensation in an amount for each day of service in the business of the township, to be paid from the township treasury as follows: In townships having a budget of more than two hundred fifty thousand but not more than five hundred thousand dollars, forty-six dollars and eighty cents per day for not more than two hundred days; In townships having a budget of more than five hundred thousand but not more than seven hundred fifty thousand dollars, forty-nine dollars and sixty-three cents per day for not more than two hundred days. In calendar year 2019 and in each calendar year thereafter through calendar year 2028, the amounts paid as specified in division (A) of this section shall be increased by one and three-quarters per cent.

The Township's annual budget was between \$250,000.01-\$500,000 for 2020. Based on this budget amount, Ohio Rev. Code §505.24(A) limits the annual salary of Township Trustees to \$9,360 for officials who were elected prior to December 27, 2018 and \$9,690 for officials who were elected after December 27, 2018.

Both Trustee Largent and Sheets had terms of January 1, 2018 through December 31, 2021. Trustee Thompson had a term of January 1, 2020 through December 31, 2023.

For 2020, Trustees Floyd Largent and Daniel Sheets should have received a total salary of \$9,360; however, they were each paid \$9,519 resulting in an overpayment of \$159 each. Trustee Heath Thompson should have received a total salary of \$9,690; however, he was paid \$10,203 resulting in an overpayment of \$513.

Further, for 2021, the Township annual budget was between \$500,000.01-\$750,000 and based on this budget amount, Ohio Rev. Code § 505.24(A) limits the annual salary of Township Trustees to \$9,926 for officials who were elected prior to December 27, 2018 and \$10,456 for officials who were elected after December 27, 2018.

For 2021, Trustees Floyd Largent and Daniel Sheets should have received a total salary of \$9,926; however, they were each paid \$10,456 for 2021 resulting in an overpayment of \$530 each.

This resulted in Trustee Largent, Sheets, and Thompson each being overpaid a total of \$689, \$689, and \$513 for the audit period.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public money illegally expended against Floyd Largent, Township Trustee, and his surety company, Ohio Township Association Risk Management Authority, Bond No. 1031-2, jointly and severally, in the amount of \$689, in favor of the Brown Township's General Fund.

### **Payroll Cash Disbursements (Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public money illegally expended against Daniel Sheets, Township Trustee, and his surety company, Ohio Township Association Risk Management Authority, Bond No. 1031-3, jointly and severally, in the amount of \$689, in favor of the Brown Township's General Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery is hereby issued for public money illegally expended against Heath Thompson, Township Trustee, and his surety company, Ohio Township Association Risk Management Authority, Bond No. 1031-1, jointly and severally, in the amount of \$513, in favor of the Brown Township's General Fund.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Fiscal Officer, Karen Martin, approved these payments in 2020 and 2021 for Trustees Largent, Sheets, and Thompson. Accordingly, Karen Martin and her bonding company, Travelers Casualty and Surety Company of America, Bond No. 107151647-20-0247, will be jointly and severally liable in the amount of \$1,891 and in favor of the Brown Township's General Fund, to the extent that recovery is not obtained from Floyd Largent, Daniel Sheets, and Heath Thompson.

Mr. Thompson repaid the \$513 finding referenced above on August 8, 2022 by reducing his July salary on check number 15449 by \$503 and repaid \$10 to the Township's General Fund on August 17, 2022 receipt number 56-2022. Mr. Largent repaid the \$689 finding referenced above on September 12, 2022 by reducing his August salary on check number 15464. Mr. Sheets repaid the \$689 finding referenced above on September 12, 2022 by reducing his August salary on check number 15460.

4. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2021 and 2020 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

### **Non-Payroll Cash Disbursements**

We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2021 and 10 from the year ended 2020 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 one instance in 2021 where the check number per the canceled check did not agree to the check number recorded in the Payroll Register Detail Report. Additionally, we found two instances in 2021 where invoices were not made available for disbursements and we could not agree the payee name and amount recorded on the canceled check and recorded on the Payment Register Detail Report to the name and amount on the supporting invoice.



**Non-Payroll Cash Disbursements (Continued)**

- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found one instance in 2021 in which the Township paid a portion of their fire contract from the Gasoline Tax Fund. \$1,500 should have been paid from the Fire Fund. The Fiscal Officer has posted this adjustment to the Township's UAN accounting system.
- 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 five instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was used. Ohio Rev. Code § 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. 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, 2021 and 2020 for the General, Motor Vehicle License Tax, and Gasoline Tax Funds as recorded in the Appropriation Status Report. Expenditures did not exceed appropriation.
- 2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2021 and 2020 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 selected the only public records requests from the engagement period and inspected the request to determine the following:
  - a. The Township was compliant and responded to the request in accordance with their adopted policy as required by Ohio Rev. Code § 149.43(B)(1). We found no exceptions.

Date Request Received	Date Request Fulfilled	Policy Response Time (in Business days)	Actual Response Time (in Business days)
07/13/2022	07/13/2020	n/a	0

- b. The Township did not have any denied public records requests during the engagement period.
- c. The Township did not have any public records requests with redactions during the engagement period.

### **Sunshine Law Compliance (Continued)**

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 observed that the Township's poster describing their Public Records Policy was displayed conspicuously in all branches of the Township as required by Ohio Rev. Code § 149.43(E) (2). We found no exceptions.
7. We inquired with Township management and determined that the Township did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected individual proof of attendance 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 one official did not attend the required training during their term ended during the engagement period.
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.
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.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.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.

### Other Compliance (Continued)

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, 2021 and 2020 in the Hinkle system. We found 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 §§ 507.12 and 733.81. The Fiscal Officer did not obtain the required training for her term ended March 31, 2020.

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.

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.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 12, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**BROWN TOWNSHIP**

**VINTON 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 9/27/2022**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)