



OHIO AUDITOR OF STATE  
**KEITH FABER**







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

Florence Township  
Erie County  
11011 Chapel Street  
Wakeman, Ohio 44889-8359

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees (the Board) and the management of Florence Township, Erie County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Township's 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 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, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 balances in the prior year documentation in the prior year agreed-upon procedures working papers. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2019 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and December 31, 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 balance with the Township's financial institution through the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2020 bank reconciliation without exception.

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 Outstanding Payments Report, and determined the debits were dated prior to December 31. There were no exceptions.

**Property Taxes and Intergovernmental Cash Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the Erie County Auditor Local Government Confirmations 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 Register Report. The amounts agreed.
  - b. We inspected the Receipt Register Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - 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 2020 and 2019. The Receipt Register Report included the proper number of tax receipts for each year.

**Other Receipts**

- We selected ten other receipts from the year ended December 31, 2020 and:
- a. Agreed the receipt amount recorded in the Receipt Register Report to supporting documentation. The amounts agreed.
  - b. Confirmed the amounts charged complied with rates in force during the period, where applicable. We found no exceptions.
  - c. Inspected the Receipt Register Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following lease was outstanding as of December 31, 2018. This amount agreed to the Township's January 1, 2019 balance on the summary we used in procedure 3.

| Issue                        | Principal outstanding as of December 31, 2018: |
|------------------------------|--|
| 2018 Pierce Fire Truck Lease | \$338,616                                      |

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of lease debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedules to Road and Bridge Fund and Miscellaneous Capital Projects Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

4. The Township entered into a lease-purchase agreement for an excavator during 2019 in the amount of \$59,685. Neither an other financing source receipt nor a capital outlay disbursement is reported at inception, as this is not a cash transaction.

**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 Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
    - i. We inspected the employee's personnel files for the retirement system, federal, state, and 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.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employee's duties as documented in the employee's personnel files and/or minute record. 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:

| <b>Withholding<br/>(plus employer share,<br/>where applicable)</b>                                    | <b>Date<br/>Due</b> | <b>Date<br/>Paid</b> | <b>Amount<br/>Due</b> | <b>Amount<br/>Paid</b> |
|---|---------------------|----------------------|-----------------------|------------------------|
| Federal income taxes and Medicare (and social security, for employees not enrolled in pension system) | February 1, 2021    | December 31, 2020    | \$5,246               | \$5,246                |
| State income taxes  | January 15, 2021    | December 31, 2020    | 399                   | 399                    |
| City of North Ridgeville income tax   | February 1, 2021    | December 31, 2020    | 12                    | 12                     |
| OPERS retirement  | February 1, 2021    | December 31, 2020    | 1,021                 | 1,021                  |
| School district income tax  | February 1, 2021    | December 31, 2020    | 50                    | 50                     |

3. 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 Sections 507.09 and 505.24, respectively. We found no exceptions.
4. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2020 and 2019 to determine if Township employees and/or Board members were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

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

We selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and ten from the year ended December 31, 2019 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 no exceptions.

### **Compliance - Budgetary**

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General, Motor Vehicle License Tax, and Special Levy Fire funds. There were no funds for which expenditures exceeded appropriations.
2. We inspected interfund transfers from the 2020 and 2019 Revenue Status Reports and Appropriation Status Reports for compliance with Ohio Rev. Code Sections 5705.14 - .16. We found no evidence of transfers these sections prohibit, or for which Section 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 Section 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. We noted no funds having a negative cash fund balance.

### **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 Sections 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 all public records requests from the engagement period and inspected each request to determine the following:
  - a. The Township was compliant and responded to the request in accordance with its adopted policy as required by Ohio Rev. Code Section 149.43(B)(1). We found no exceptions.
  - 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.

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 Section 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 Section 149.43(E)(2). We found no exceptions.
5. We inspected the Township's policy manual and determined the Public Records Policy was not included as required by Ohio Rev. Code Section 149.43(E)(2).
6. We observed that the Township's poster describing its Public Records Policy was displayed conspicuously in all branches of the Township as required by Ohio Rev. Code Section 149.43(E)(2). We found no exceptions.
7. We selected all 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 and the review of the schedules. This was required by Ohio Rev. Code Section 149.381. (Note: the records retention schedule is not the same policy as the Public Records Policy.) We found no exceptions.
8. We inspected individual training certificate and determined whether each elected official in accordance with Ohio Rev. Code Section 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 Section 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 Section 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 Section 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 Section 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.

We found two instances where the purpose of going into an executive session did not correlate with one of the matters listed in Ohio Rev. Code Section 121.22(G), as the minutes listed "employee evaluation & employee compensation" and "personnel evaluation discussion" (not enumerated reasons to enter into executive session) as the reason for entering into executive session. Failure to enter into executive session for allowable reasons could result in an illegal public meeting.

### **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 its CRF allocations and how the Township evaluated and documented their compliance with the CARES Act three-prong test. We then selected five payroll, non-payroll, and subgrant/subloan transactions. and determined the Township:
  - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
  - b. Maintained appropriate supporting documentation.We found no exceptions.
2. We inquired with management and inspected the Appropriation Ledger Report to determine the Township did not have an unencumbered balance of money to pay back to the County Treasurer. We found no exceptions.

### **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 regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle system. We confirmed the Township filed its 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 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 Sections 507.12 and 733.81. The Fiscal Officer obtained the required training.
3. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list(s) of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policy obtained above and determined it is:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the Township.We found no exceptions.
  - b. We selected one credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
    - i. Use was by an authorized user within the guidelines established in the policy, and
    - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
  - c. We selected three credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
    - i. No unpaid beginning balance was carried forward to the current billing cycle,
    - ii. Ending statement balance was paid in full, and
    - iii. Statement contained no interest or late fees.We found no exceptions.



### Related Party Transactions

1. We inquired with management and identified a Related Party Transaction with Krumwiede Farms for the purchase of straw for road projects in the amount of \$245. We found no exceptions.
2. We confirmed the transaction with Krumwiede Farms. We found no exceptions.
3. We obtained sufficient evidence for the Related Party Transactions noted in procedure 1. We found no exceptions

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 its cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 12, 2021

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# OHIO AUDITOR OF STATE KEITH FABER



**FLORENCE TOWNSHIP**

**ERIE 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 6/3/2021**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)