



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

Addison Township  
Gallia County  
3693 Bulaville Pike  
Gallipolis, Ohio 45631

We have performed the procedures enumerated below on the Addison Township's, Gallia 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

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 Status Report to the December 31, 2019 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2021 beginning fund balances for each fund recorded in the Fund Status Report to the December 31, 2020 balances in the Fund Status Report. We found no exceptions.

### Cash (Continued)

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. We noted a variance of \$130.69 between the 2020 adjusted balances per the bank reconciliation and the 2020 Fund Status Report due to an OPERS payment of \$129.55 and a state tax payment of \$1.14 not recorded in UAN.
4. We confirmed the December 31, 2021 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2021 bank reconciliation without exception.
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 through July bank statements. We found no exceptions.
  - 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.

### Property Taxes, Intergovernmental and Other Confirmable 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 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 noted the 1<sup>st</sup> half real estate settlement in 2021 and the 1<sup>st</sup> and 2<sup>nd</sup> half real estate settlement and 2<sup>nd</sup> half manufactured home settlement in 2020 were posted at the net amount instead of the gross amount. Receipts and related fees were understated by \$2,317 in 2021 and \$6,156 in 2020.
  - 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 noted the 1<sup>st</sup> half real estate settlement in 2021 and the 2<sup>nd</sup> half manufactured home and manufactured home rollback settlements in 2020 were incorrectly posted only to the General Fund. As a result, \$29,850 is due from the General Fund to the Road & Bridge Fund in the amount of \$17,587 and the Fire Fund receipts in the amount of \$12,263. The Township Fiscal Officer corrected the balances of the General, Fire and Road & Bridge Funds for these items. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.
  - 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.
3. We confirmed the total amount paid from the Gallia County Auditor to the Township for Coronavirus Relief Funds during 2020 with the County Detail Expense Ledger. We confirmed the total amount paid from the State of Ohio to the Township for Local Fiscal Recovery Funds during 2021 with the State Distribution Transaction List. We found no exceptions.
  - a. We inspected the Receipt Register Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2019. These amounts agreed to the Townships January 1, 2020 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2019:
Brick School Road Ohio Public Works Commission Loan	\$55,657

2. We inquired of management and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2021 or 2020 or debt payment activity during 2021 or 2020. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2021 and 2020 and agreed principal and interest payments from the related debt amortization schedules to Gasoline Tax 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.

**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 three instances in 2021 where officials were paid using the incorrect budget amount from the Township Compensation chart. This resulted in underpayments of these officials. See Payroll step 3 below for total underpayments identified. We noted two employees in 2021 whose hiring and pay rates were not approved in the minute record. In 2020, we noted two employees who did not have an OPERS enrollment form on file and one employee who did not have any withholding forms on file, however, state and federal taxes and OPERS were being withheld from each of these employees.

- 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 timesheets or 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	December 27, 2021	\$883.50	\$883.50
State income taxes	January 31, 2022	March 7, 2022	\$237.20	\$237.88
OPERS retirement	January 30, 2022	December 26, 2021	\$1,905.58	\$1,905.58

We noted the state tax for the 4th quarter 2021 was not paid until March 7, 2022 when the due date was January 31, 2022. The March 7, 2022 payment also included the remittance of state withholdings for the 2nd and 3rd quarter 2021 as well which were due August 2, 2021 and November 1, 2021 respectively, indicating the Township has not paid State income taxes by the due dates as required by Ohio Rev. Code §§ 5747.07.

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 elected officials were undercompensated in 2021 and 2020.

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 Townships having a budget of more than seven hundred and fifty thousand but not more than one million five hundred thousand, fifty-six dollars and seventy-one 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 for Trustees elected or appointed on or after December 27, 2018.

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 five hundred thousand but not more than seven hundred and fifty thousand dollars, sixteen thousand one hundred and forty-eight dollars for Fiscal Officers elected or appointed on or after December 27, 2018; and in Township's having a budget of more than seven hundred and fifty thousand but not more than one million five hundred thousand, nineteen thousand three hundred and seventy-eight dollars for Fiscal Officers elected or appointed on or after December 27, 2018 for 2020. In Township's having a budget of more than five hundred thousand but not more than seven hundred and fifty thousand dollars, sixteen thousand four hundred and thirty-one dollars for Fiscal Officers elected or appointed on or after December 27, 2018; and in Township's having a budget of more than seven hundred and fifty thousand but not more than one million five hundred thousand, nineteen thousand seven hundred and seventeen dollars for Fiscal Officers elected or appointed on or after December 27, 2018 for 2021.

The Township's annual budget was between \$500,000.01-\$750,000 for 2020 from January 1 to September 30 and increased to between \$750,000-\$1,500,000 from October 1 -December 31. The Township's annual budget was between \$750,000-\$1,500,000 for 2021. However, officials were paid at the \$500,000-\$750,000 rate for the entire year both years.

### Payroll Cash Disbursements (Continued)

Trustees Fred Burnett and Robert Rothgeb had terms beginning January 1, 2018 and were entitled to compensation of \$10,280 for 2020 and \$11,342 for 2021 but were paid \$9,926 for 2020 and \$9,970 for 2021 each year resulting in an underpayment of \$354 in 2020 and \$1,372 in 2021 each. Trustee Michael Blaine had a term beginning January 1, 2020 so he was entitled to compensation of \$10,642.50 for 2020 and \$11,948 for 2021 but was paid \$10,276 for 2020 and \$10,456 for 2021 resulting in an underpayment of \$366.50 in 2020 and \$1,492 in 2021. Fiscal Officer Lisa Reuter had a term beginning April 1, 2020 and was entitled to compensation of 12,918.50 for 2020 and \$19,717 for 2021 but was paid \$12,111 for 2020 and \$16,431 for 2021 resulting in an underpayment \$807.50 for 2020 and \$3,286 for 2021.

Using the incorrect budget amounts for 2020 and 2021 resulted in the underpayment of \$1,726 for Trustee Fred Burnett, \$1,726 for Trustee Robert Rothgeb, \$1,858.50 for Trustee Michael Blaine, and \$4,093.50 for Fiscal Officer Lisa Reuter.

### Non-Payroll Cash Disbursements

1. 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 two disbursements in 2020 and two disbursements in 2021 for which there was no original invoice.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. During 2021, the Township issued check #5229 for \$1,800 to Larry Smith for the mowing of cemeteries. This disbursement was paid from the Gasoline Tax Fund when it should have been paid from the General Fund. The Township Fiscal Officer corrected the balances of the General and Gasoline Tax Funds for this item. However, because we did not inspect all disbursements, our report provides no assurance regarding whether or not other similar errors occurred.
  - c. 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 in 2021 where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. We also found two instances each year where the invoice was not available to determine if the certification date was before the invoice date. 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, Road & Bridge and FEMA Fund as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations, however appropriations per the Appropriation Status Report did not agree to the approved appropriations as follows:

**Compliance – Budgetary (Continued)**

2020	Approved Appropriations	Appropriations	Variance
General	\$177,952	\$148,466	\$29,486
Road & Bridge	55,979	52,148	3,831
2021			
General	177,922	135,809	42,113
Road & Bridge	87,297	49,000	38,297
FEMA	447,827	348,533	99,294

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(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 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 §§ 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 inspected the Township's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
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 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 no exceptions.



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

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.

### **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 documented their compliance with the CARES Act three-prong test. We then selected five transactions including 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 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. The township did not encumber the \$97,870 received and it was not returned to the county treasurer by November 20, 2020. The township did spend all but \$85 by December 31, 2021.

### **Contract Compliance**

1. We inspected the Minutes and identified the Township had expenditures subject to competitive bidding. We found no exceptions.
2. We selected one contract over \$50,000 for 2020 and
  - a. We inspected the contract and other bids for the contracted expenditure and determined:
    - i. The Township accepted the lowest bid and met the requirements of Ohio Rev. Code §5549.21.
    - ii. No bid splitting occurred
    - iii. No deliberate attempts to evade bid limitations occurred, such as successive contracts just under the bid amount, occurred.
    - iv. No apparent interest in the contract by a public official occurred.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, 2021 and 2020 in the Hinkle system. Financial information for 2020 was filed on March 8, 2021 which was not within the allotted timeframe.
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 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.

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

November 22, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**ADDISON TOWNSHIP**

**GALLIA 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 12/13/2022**

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