



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

Seal Township  
Pike County  
PO Box 262  
Piketon, Ohio 45661

We have performed the procedures enumerated below on the Seal Township's (the Township) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022, 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, 2023 and December 31, 2022 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2022 beginning fund balances for each fund recorded in the Fund Ledger Report to the December 31, 2021 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2023 beginning fund balances for each fund recorded in the Fund Ledger Report to the December 31, 2022 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the 2023 and 2022 Bank Reconciliation adjusted UAN Balances and Adjusted Bank Balances as of December 31, 2023 and 2022 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.

4. We confirmed the December 31, 2023 bank account balance with the Township's financial institution. We found no exceptions.
5. We selected 5 reconciling debits (such as outstanding checks) from the December 31, 2023 bank reconciliation:
  - a. We traced each debit to the subsequent January and February 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 5 receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the County Auditor DTLs for 2023 and a total of 5 from 2022:
  - 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 §§ 5705.05 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 2 real estate tax receipts for 2023 and 2022. The Receipt Register Report included the proper number of tax receipts for each year. We found no exceptions.
3. We confirmed the individual amounts paid from the Ohio Township Association Risk Management Authority to the Township during 2023 and 2022 with the supporting documentation. We found no exceptions.
  - a. We inspected the Receipt Register Report to determine whether these receipts were allocated to the proper fund(s). 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.

### **Other Receipts**

We selected 10 other receipts from the year ended December 31, 2023 and 10 other receipts from the year ended 2022 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. 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 1 receipt of \$71 for a refund of overpayment recorded in the General fund that should have been recorded in the Road and Bridge fund. We brought this to management's attention. They corrected the General fund and Road and Bridge fund balances for this item. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

**Debt**

1. From the agreed-upon procedures documentation, we observed the following bonds, notes and loans were outstanding as of December 31, 2021.
  - a. These amounts agreed to the Township's January 1, 2022 balances on the summary we used in procedure 3.
  - b. We inspected the debt's final offering documents for all outstanding debt, and we confirmed the Township was in compliance with the debt covenants listed below.

Issue	Principal outstanding as of December 31, 2021:	Debt Covenant
Cemetery Land Note	\$115,627	Due Date: June 1st and December 1st
Fire Department Bond	\$752,100	Due Date: December 1st
Fire Department Tanker Truck Loan	\$160,000	Due Date: June 1st and December 1st

2. We inquired of management and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2023 or 2022 or debt payment activity during 2023 or 2022. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds, notes and loans debt activity for 2023 and 2022 and agreed principal and interest payments from the related debt amortization schedules to the Cemetery fund, Fire Fund and American Rescue Plan 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 two payments of principal and interest being improperly recorded. During 2023 the interest amount was overstated and the principal amount was understated by \$265. During 2022 the principal payment of \$62,013 was improperly recorded as Machinery, Equipment and Furniture Expense.

**Payroll Cash Disbursements**

1. We selected 1 payroll check for 5 employees from 2023 and 1 payroll check for 5 employees from 2022 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). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. 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' timesheet record. We found no exceptions.
  - d. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We selected 2 new employees and Board of Trustees from 2023 and 2 employees and Board of Trustees from 2022 and:
  - a. We inspected the employees' and Board of Trustee's personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
  - b. We agreed the items in a above to the Employee General Information Report  
We found no exceptions.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2023 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 2023. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2024	December 27, 2023	\$400.29	\$400.29
State income taxes	January 15, 2024	December 27, 2023	\$2,133.58	\$2,133.58
OPERS retirement	January 30, 2024	December 27, 2023	\$3,995.90	\$3,995.90

We found no exceptions.

4. We compared total gross pay for the fiscal officer and each board of trustees for 2023 and 2022 to the compensation permitted by Ohio Rev. Code §§ 507.09 and 505.24, respectively. We found the Fiscal Officer was under compensated by \$1,569.96 in 2022.

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

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2023 and 10 from the year ended 2022 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 § 5705.41(D). We found no exceptions.

#### **Compliance – Budgetary**

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments including outstanding encumbrances) 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, 2023 and 2022 for the General, Motor Vehicle License Tax fund and Fire fund as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.
2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2023 and 2022 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 or denied public records requests or requests containing 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 § 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 not 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). The Fiscal Officer attended public records training but was not approved as the Trustees' designee.
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.

#### **Contract Compliance:**

1. We inspected the Payment Export Report and identified the Township had expenditures subject to competitive bidding. We found no exceptions.
  2. We selected 1 contract subject to competitive bidding requirements for 2022 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, 2023 and 2022 in the Hinkle system. We found no exceptions.
  2. The Township provided out-of-pocket insurance reimbursements in lieu of providing coverage to all employees.
    - a. We inspected the resolution authorizing reimbursements and determined it met the following documentation requirements for Ohio Rev. Code § 505.601.
      1. The Township has not chosen to procure a health plan,
      2. The Township has chosen to reimburse its officers and employees for each out-of-pocket premium,
      3. It provides for a maximum uniform monthly or yearly payment amount for each officer and employee, and
      4. It lists only the specific benefits allowed under Ohio Rev. Code § 505.60A that will be reimbursed.
- We found no exceptions.

#### **Related Party Transactions**

1. We inquired with management in order to identify any related party transactions and confirm if the required elected officials abstained from voting. We identified the following:

The Township conducts business with Quik Stop Lube and Tire which is owned by Johnathan Johnson, Trustee. During 2023 the Township paid \$7,434 to Quik Stop Lube and Tire. The Township did not provide evidence that the Trustee abstained from approving payments to Quick Stop Lube and Tire. Failure to abstain from voting in this situation is potentially a conflict of interest contrary to Ohio Rev. Code §§ 2921.42(A)(1) and 2921.42(H) which state, respectively, that no public official shall knowingly authorize or employ the authority of influence of the public official's office to secure authorization of any public contract in which the public official, a member of the public official's family, or any of the public



official's business associates has an interest and that any public contract in which a public official, a member of the public official's family, or any of the public official's business associates has an interest in violation of this section is void and unenforceable. Additionally, failure to abstain from voting in this situation is potentially contrary to Ohio Rev. Code §§ 2921.42(A)(3) and (A)(4), which provide, respectively, that no public official shall knowingly occupy any position of profit in the prosecution of a public contract authorized by the public official or by a legislative body, commission, or board of which the public official was a member at the time of authorization, unless the contract was let by competitive bidding to the lowest and best bidder nor have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which the public official is connected.

This matter will be referred to the Ohio Ethics Commission.

2. We confirmed the transactions with intermediaries, such as banks. We found no exceptions.
3. We obtained supporting evidence for the Related Party Transactions identified in procedure 1. We found no exceptions.

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

June 5, 2024



# OHIO AUDITOR OF STATE KEITH FABER



**SEAL TOWNSHIP**

**PIKE 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 6/20/2024**

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