

**FRANKLIN TOWNSHIP**

SHELBY COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009





# Dave Yost • Auditor of State

Board of Trustees  
Franklin Township  
11095 County Road 25A  
Sidney, Ohio 45365

We have reviewed the *Independent Auditors' Report* of Franklin Township, Shelby County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Franklin Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 19, 2011

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**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditors' Report	1 – 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2010	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2009	5
Notes to the Financial Statements	6 – 10
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	12 – 13
Schedule of Audit Findings	14 – 15
Schedule of Prior Audit Findings	16

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# Manning & Associates

## Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

### INDEPENDENT AUDITORS' REPORT

Franklin Township  
Shelby County  
11095 County Rd 25A  
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Shelby County, (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Franklin Township, Shelby County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 29, 2011



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**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanent	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 121,340	\$ 389,415	\$ 0	\$ 510,755
Licenses, Permits and Fees	3,570	12,450	0	16,020
Intergovernmental Receipts	48,480	96,628	0	145,108
Earnings on Investments	718	140	22	880
Miscellaneous	5,050	5,848	0	10,898
<b>Total Cash Receipts</b>	<u>179,158</u>	<u>504,481</u>	<u>22</u>	<u>683,661</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	95,645	24,387	0	120,032
Public Safety	0	129,426	0	129,426
Public Works	307	260,103	0	260,410
Health	18,967	28,389	0	47,356
<b>Total Cash Disbursements</b>	<u>114,919</u>	<u>442,305</u>	<u>0</u>	<u>557,224</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>64,239</u>	<u>62,176</u>	<u>22</u>	<u>126,437</u>
<b>Fund Cash Balances, January 1</b>	<u>422,099</u>	<u>536,730</u>	<u>3,638</u>	<u>962,467</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 486,338</u>	<u>\$ 598,906</u>	<u>\$ 3,660</u>	<u>\$ 1,088,904</u>

The Notes to the Financial Statements are an integral part of this statement.

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanent	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 122,343	\$ 381,507	\$ 0	\$ 503,850
Licenses, Permits and Fees	409	12,123	0	12,532
Intergovernmental Receipts	25,361	95,402	0	120,763
Earnings on Investments	1,953	710	11	2,674
Miscellaneous	0	6,790	0	6,790
<b>Total Cash Receipts</b>	<u>150,066</u>	<u>496,532</u>	<u>11</u>	<u>646,609</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	69,694	25,681	0	95,375
Public Safety	0	89,540	0	89,540
Public Works	306	122,952	0	123,258
Health	19,076	37,232	0	56,308
Capital Outlay	0	794	0	794
<b>Total Cash Disbursements</b>	<u>89,076</u>	<u>276,199</u>	<u>0</u>	<u>365,275</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>60,990</u>	<u>220,333</u>	<u>11</u>	<u>281,334</u>
<b>Other Financing Receipts/Disbursements</b>				
Sale of Fixed Assets	0	1,000	0	1,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>60,990</u>	<u>221,333</u>	<u>11</u>	<u>282,334</u>
<b>Fund Cash Balances, January 1</b>	<u>361,109</u>	<u>315,397</u>	<u>3,627</u>	<u>680,133</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 422,099</u>	<u>\$ 536,730</u>	<u>\$ 3,638</u>	<u>\$ 962,467</u>

The Notes to the Financial Statements are an integral part of this statement.

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Franklin Township, Shelby County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Township Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Anna and the City of Sidney Fire Department to provide fire services and the Village of Anna Rescue Squad, to provide ambulance services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values its certificates of deposits at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund:**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Fund Accounting** (Continued)

**2. Special Revenue Funds:**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**Road and Bridge Fund** – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**Gasoline Tax Fund** – This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**Motor Vehicle License Tax Fund** – This fund receives license tax money to pay for constructing, maintaining, and repairing Township roads.

**Fire District Fund** – This fund receives proceeds from the property tax fire levy for providing fire and emergency services protection to Township residents.

**Cemetery Fund** – This fund receives the proceeds of lot sales and related burial fees for the upkeep and maintenance of the Cemeteries in the Township.

**3. Permanent Funds**

This fund accounts for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following permanent fund:

**Cemetery Bequest Fund** – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**E. Budgetary Process**

Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Appropriations**

Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant and equipment when paid. These accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED CASH AND DEPOSITS**

The Township maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 786,704	\$ 660,267
Certificates of Deposit	302,200	302,200
Total deposits	<u>\$1,088,904</u>	<u>\$ 962,467</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2010 was as follows:

**2010 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 179,158	\$ 179,158	\$ 0
Special Revenue	504,481	504,481	0
Permanent	22	22	0
Total	<u>\$ 683,661</u>	<u>\$ 683,661</u>	<u>\$ 0</u>

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 557,338	\$ 114,919	\$ 442,419
Special Revenue	1,009,198	442,305	566,893
Permanent	1,788	0	1,788
Total	<u>\$ 1,568,324</u>	<u>\$ 557,224</u>	<u>\$ 1,011,100</u>

Budgetary activity for the year ending December 31, 2009 was as follows:

**2009 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 147,200	\$ 150,066	\$ 2,866
Special Revenue	479,400	497,532	18,132
Permanent	12	11	(1)
Total	<u>\$ 626,612</u>	<u>\$ 647,609</u>	<u>\$ 20,997</u>

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 504,979	\$ 89,076	\$ 415,903
Special Revenue	742,060	276,199	465,861
Permanent	3,638	0	3,638
Total	<u>\$ 1,250,677</u>	<u>\$ 365,275</u>	<u>\$ 885,402</u>

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**6. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township contracted with private insurance companies to provide property and casualty coverage with coverage as follows:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Automobile Liability	500,000
General Liability	1,000,000
Inland Marine	21,228
Commercial Property	410,575
Public Officials Liability Policy	2,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.



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# Manning & Associates

## Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

### INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Franklin Township  
Shelby County  
11095 County Rd 25A  
Sidney, Ohio 45365

To the Township Board of Trustees:

We have audited the financial statements of Franklin Township, Shelby County, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 29, 2011, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect, and timely correct misstatements. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-002 described in the accompanying schedule of findings to be a material weakness.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Findings Number 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 29, 2011.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management, and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 29, 2011

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (D)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Township.
2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001, (Continued)**

Purchase Orders (POs) were found to have been issued after the incurrence of an expense for 93 percent of all POs tested in 2010 and 96 percent of all POs tested in 2009.

Response: The Fiscal Officer will review the proper use of purchase orders and make all necessary changes for the future.

**FINDING NUMBER 2010-002**

**Noncompliance Citation/Material Weakness**

**Ohio Revised Code Section 505.24(C)** permits trustees to receive annual salaries instead of per diem payments. When paid by salary, Ohio Revised Code Section 505.24(C) does not prescribe a “documentation of time spent” requirement. However, 2004 Op. Atty. Gen. No. 2004-036 concludes that when a trustee is paid salary **and related expenses** using restricted funds, the board is required to establish administrative procedures to document the proportionate amount chargeable to restricted Township funds based on the kinds of services rendered. The “administrative procedures” can be timesheets or a similar method of record keeping, as long as the Trustee documents time spent on Township business and the type of service performed, in a manner similar to Trustees paid per diem compensation.

In 2010 and 2009, the Township paid 100 percent of insurance reimbursements to the Trustees and Fiscal Officer out of Special Revenue Funds. These reimbursements should have been allocated to funds in the same manner as the salary allocation of each Official. The general fund was overstated \$4,823 and \$1,892 and the road and bridge fund understate \$4,823 and 1,892 in 2010 and 2009, respectively. These financial statements have been adjusted to reflect the correct allocation.

Response: The Township will correctly allocate Officials’ benefits in the future.

**FRANKLIN TOWNSHIP  
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; <b>Explain</b>
2008-001	ORC Sec. 5705.41(D) - Failure to certify availability of funds prior to incurring an expense and issuing Then and Now POs for amounts exceeding \$3,000	No	Reissue as Finding 2010-001
2008-002	ORC Sec. 5705.36 - Failure to amend estimated receipts resulting in estimated receipts exceeding actual	Partially	Issued as Management Letter Comment
2008-003	Failure to properly generate check sequences and adjust for voided check numbers	Yes	
2008-004	ORC Sec.117.38 - Failure to reclassify nonexpendable trusts into either a permanent fund or a private purpose fund	Yes	



# Dave Yost • Auditor of State

**FRANKLIN TOWNSHIP**

**SHELBY COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 1, 2011**