



**FRANKLIN TOWNSHIP
CLERMONT COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2018 and 2017**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

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OHIO AUDITOR OF STATE
KEITH FABER



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(800) 282-0370

Board of Trustees
Franklin Township
981 Hopewell Road
Felicity, Ohio 45120

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Franklin Township, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code

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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2019

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FRANKLIN TOWNSHIP
CLERMONT COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

August 20, 2019

Franklin Township
Clermont County
981 Hopewell Road
Felicity, Ohio 45120

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of **Franklin Township**, Clermont County (the Township) and the Auditor of State, on the receipts, disbursements and balances recorded in the Township's cash-basis accounting records for the years ended December 31, 2018 and 2017, 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, 2018 and 2017 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, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances to the December 31, 2016 balances in the documentation in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances to the December 31, 2017 balances in the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. The amounts agreed.

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedures – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

*Ohio Society of CPAs * West Virginia Society of CPAs * Association of Certified Fraud Examiners * Association of Certified Anti-Money Laundering Specialists*

Cash (Continued)

4. We confirmed the December 31, 2018 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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 check register, to determine the debits were dated prior to December 31. There were no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger. We also traced the advances noted on the Statement to the Revenue Ledger. The amounts did not agree. In 2017, the Township did not record the \$4,504 health charge as a receipt and then subsequent expense. In 2018, the \$868 reimbursement of election costs was improperly recorded as a property tax receipt. We noted no other exceptions.
 - b. We inspected the Revenue Ledger to confirm the receipt was 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 Revenue Ledger to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger to determine whether it included two real estate tax receipts plus 6 advances for 2018 and 2017. The Revenue Ledger included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and all from 2017. We also selected a sample (agreed upon) of five receipts from the Clermont County Auditor's Vendor Payment Details from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
 - b. We inspected the Revenue Ledger to determine whether these receipts were allocated to the proper funds. We found no exceptions. However, we noted one rollback receipt was posted as Property Tax revenue instead of Intergovernmental in 2018 and 2017.
 - c. We inspected the Revenue Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We selected a sample (agreed upon) of 10 over-the-counter cash receipts from the year ended December 31, 2018 and 10 over-the-counter cash receipts from the year ended 2017 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Revenue Ledger. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Revenue Ledger to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

1. From prior audit documentation, we observed the following loans were outstanding as of December 31, 2016. These amounts agreed to the Township's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal Outstanding as of December 31, 2016
Ambulance Loan	\$12,228
Dump Truck Loan	\$53,000

2. We inquired of management, and inspected the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of loan debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to Life Squad Fund and Road and Bridge Fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Life Squad Fund per the Revenue Ledger. The amounts agreed. However, the debt proceeds were improperly recorded as Other Financing Sources instead of Other Debt Proceeds.
5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a new ambulance. We inspected the Appropriation Ledger and observed the Township purchased a new ambulance in October 2017.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage 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). In 2017, the Fiscal Officer was underpaid \$4,408. Two Trustees were underpaid \$601. One Trustee was underpaid \$1,203. We found no other exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 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 2018. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	December 31, 2018	\$3,668.76	\$3,668.76
State income taxes	January 15, 2019	January 4, 2018	\$823.08	\$823.08
OPERS Retirement	January 30, 2019	January 30, 2019	\$2,539.39	\$2,749.42

As stated above, the December 2018 OPERS payment was \$210 more than was due.

3. For the pay periods ended August 31, 2018 and May 31, 2017, we recomputed the allocation of the Fiscal Officer's salary to the General, Gasoline Tax, Fire and Life Squad Funds per the Wage Detail Report. We recomputed the allocation of the Boards' salaries to the General, Gasoline Tax, Fire, and Life Squad Funds per the Wage Detail Report. We found no exceptions.
4. For the pay periods described in the preceding procedure, we traced the Fiscal Officer's and Boards' salaries for time or services performed to supporting certifications the Revised Code requires. We found no exceptions.
5. We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2018 and 2017 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of ten disbursements from the Appropriation Ledger for the year ended December 31, 2018 and ten from the year ended 2017 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 Appropriation Ledger 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 2 instances where the certification date was after the vendor invoice date, and there was no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 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. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Road and Bridge and Fire Funds for the years ended December 31, 2018 and 2017. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General, Road & Bridge, and Fire Funds in 2018 and General Fund in 2017. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General, Road & Bridge, and Fire Funds of \$143,302, \$103,842, and \$279,583, respectively, in 2018. However, the final Amended Official Certificate of Estimated Resources reflected \$125,916, \$82,202, and \$269,859, respectively. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$103,230 in 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$100,390. The Fiscal Officer should periodically compare the amounts recorded in the Revenue Status Report to the amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Road and Bridge and Fire Funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Road and Bridge and Fire Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the General, Road and Bridge, and Fire Funds in 2018. The Appropriation Status Report recorded appropriations for the General, Road and Bridge, and Fire Funds of \$166,218, \$623,045, and \$545,742, respectively, in 2018. However, approved appropriations reflected \$156,431, \$71,075, and \$245,683, respectively. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to appropriation amounts approved by resolution to assure that they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road and Bridge and Fire Funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Road and Bridge and Fire Funds, as recorded in the Appropriation Status Report. Fire Fund expenditures for 2018 exceeded total appropriations by \$20,913, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimate resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Revenue Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.

Compliance – Budgetary (Continued)

7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required fields were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included in the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 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. No funds had a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Appropriation Ledger for the years ended December 31, 2018 and 2017 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

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 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, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. 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 entity.We found no exceptions.

Other Compliance (Continued)

- b. We selected 3 credit card transactions 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. For cash withdraws made. We selected all cash withdraws and inspected supporting documentation to determine:
 - i. The policy explicitly allowed for cash withdraws and when related legislative or administrative action was passed.
 - ii. Appropriate and specific additional controls were implemented for cash withdraw transactions.There were no cash withdraws. 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 their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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OHIO AUDITOR OF STATE KEITH FABER



FRANKLIN TOWNSHIP

CLERMONT 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
OCTOBER 1, 2019**