



**PIERPONT TOWNSHIP  
ASHTABULA COUNTY  
Regular Audit  
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

[www.perrycpas.com](http://www.perrycpas.com)



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Pierpont Township  
5657 Caine Road  
Pierpont, Ohio 44082

We have reviewed the *Independent Auditor's Report* of the Pierpont Township, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. 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.

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. Pierpont Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 19, 2019

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PIERPONT TOWNSHIP  
ASHTABULA COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 23, 2019

Pierpont Township  
Ashtabula County  
5657 Caine Road  
Pierpont, Ohio 44082

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Pierpont Township**, Ashtabula County, (the Township) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Pierpont Township, Ashtabula County as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 56,312	\$ 171,838	\$ 228,150
Licenses, Permits and Fees	16	5,332	5,348
Intergovernmental	19,658	113,213	132,871
Special Assessments	-	1,546	1,546
Earnings on Investments	30	12	42
Miscellaneous	5,055	1,509	6,564
	<b>81,071</b>	<b>293,450</b>	<b>374,521</b>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
General Government	58,681	-	58,681
Public Safety	-	74,719	74,719
Public Works	-	154,713	154,713
Health	13,506	10,891	24,397
Human Services	-	4,465	4,465
Capital Outlay	-	152,416	152,416
Debt Service:			
Principal Retirement	-	29,682	29,682
Interest and Fiscal Charges	-	3,084	3,084
	<b>72,187</b>	<b>429,970</b>	<b>502,157</b>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<b>8,884</b>	<b>(136,520)</b>	<b>(127,636)</b>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	-	129,619	129,619
Sale of Fixed Assets	13,001	-	13,001
	<b>13,001</b>	<b>129,619</b>	<b>142,620</b>
<i>Total Other Financing Receipts</i>			
<i>Net Change in Fund Cash Balances</i>	<b>21,885</b>	<b>(6,901)</b>	<b>14,984</b>
<i>Fund Cash Balances, January 1</i>	<b>27,203</b>	<b>83,226</b>	<b>110,429</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	76,325	76,325
Assigned	24,600	-	24,600
Unassigned	24,488	-	24,488
	<b>49,088</b>	<b>76,325</b>	<b>125,413</b>
<i>Fund Cash Balances, December 31</i>	<b>\$ 49,088</b>	<b>\$ 76,325</b>	<b>\$ 125,413</b>

The notes to the financial statements are an integral part of this statement.

PIERPONT TOWNSHIP  
ASHTABULA COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust
<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$ 27
<i>Total Cash Receipts</i>	<u>27</u>
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	<u>34</u>
<i>Total Operating Cash Disbursements</i>	<u>34</u>
<i>Net Change in Fund Cash Balances</i>	(7)
<i>Fund Cash Balances, January 1</i>	<u>3,163</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 3,156</u></u>

The accompanying notes are an integral part of the financial statements.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1 – Reporting Entity**

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

***Public Entity Risk Pools***

The Township participates in a public entity risk pool. The organization is Ohio Township Association Risk Management Authority (OTARMA). Note 7 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 – The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

The Township's private purpose trust fund is the for the benefit of certain individuals.

The Township had the following significant Trust Fund:

Cemetery Endowment Fund – This fund receives interest earned from bequests held in trust on behalf of Green, Partch, Wright and Hoskins for the general upkeep of these graves.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, 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. Unencumbered appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried forward, and need not be reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

***Deposits 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.

***Capital Assets***

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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Road and Bridge fund by \$87,683 for the year ended December 31, 2018.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 75,424	\$ 94,072	\$ (18,648)
Special Revenue	409,200	423,069	(13,869)
Trust	24	27	(3)
Total	\$ 484,648	\$ 517,168	\$ (32,520)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 102,423	\$ 72,187	\$ 30,236
Special Revenue	356,902	429,970	(73,068)
Trust	60	34	26
Total	\$ 459,385	\$ 502,191	\$ (42,806)

**Note 5 – Deposits**

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

	2018
Demand deposits	\$ 125,468
Certificates of deposit	2,600
Savings	501
Total deposits	\$ 128,569

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 7 – Risk Management**

The (local entity) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<b>2018</b>
Assets	\$33,097,416
Liabilities	7,874,610
Net Position	\$25,222,806

**2018 Contributions to OTARMA**

\$6,584

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 8 – Defined Benefit Pension Plans (Continued)**

***Ohio Deferred Comp***

The Township also allows employees to put additional retirement income into the Ohio Deferred Compensation plan. The Township does not contribute to this plan. Ohio Deferred Compensation is a supplemental 457(b) retirement plan for all Ohio public employees and one of the largest 457(b) plans in the country. Deferred compensation has been the Program's only responsibility since 1976.

The Program is unique that it is a public, non-profit organization created by Ohio legislation. A 13-member Board, composed of public employees, retirees, and appointed investment experts, governs the Program as required by Ohio Revised Code Chapter 148. The staff manages and administers the Program with public employees' best interests in mind. External managers professionally manage the Program's investment options. Investment options are selected and monitored by the Board and its independent investment consultant.

***Social Security***

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Note 9 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2016 Tandem Truck	\$ 62,381	2.0%
2018 Kobelco Excavator	129,619	4.0%
Total	<u>\$ 192,000</u>	



**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 11 – Debt (Continued)**

In 2016, the Township financed the purchase of a new tandem truck with plowing equipment for Township road maintenance.

In 2018, the Township financed the purchase of a new excavator for Township road maintenance.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	2016 Tandem Truck	2018 Kobelco Excavator
2019	\$ 32,766	\$ 29,148
2020	32,766	29,148
2021	-	29,148
2022	-	29,148
2023	-	29,148
Total	<u>\$ 65,532</u>	<u>\$ 145,740</u>

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 59,969	\$ 147,368	\$ 207,337
Licenses, Permits and Fees	73	5,666	5,739
Intergovernmental	19,590	118,508	138,098
Special Assessments	-	1,733	1,733
Earnings on Investments	22	22	44
Miscellaneous	1,641	5,402	7,043
<i>Total Cash Receipts</i>	<u>81,295</u>	<u>278,699</u>	<u>359,994</u>
<b>Cash Disbursements</b>			
Current:			
General Government	48,361	-	48,361
Public Safety	-	53,944	53,944
Public Works	23,257	234,051	257,308
Health	-	14,273	14,273
Capital Outlay	-	15,000	15,000
Debt Service:			
Principal Retirement	-	28,720	28,720
Interest and Fiscal Charges	-	4,045	4,045
<i>Total Cash Disbursements</i>	<u>71,618</u>	<u>350,033</u>	<u>421,651</u>
<i>Net Change in Fund Cash Balances</i>	9,677	(71,334)	(61,657)
<i>Fund Cash Balances, January 1</i>	<u>17,526</u>	<u>154,560</u>	<u>172,086</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	83,226	83,226
Assigned	26,999	-	26,999
Unassigned	204	-	204
<i>Fund Cash Balances, December 31</i>	<u>\$ 27,203</u>	<u>\$ 83,226</u>	<u>\$ 110,429</u>

The notes to the financial statements are an integral part of this statement.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Private Purpose Trust
<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$ 27
<i>Total Cash Receipts</i>	27
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	14
<i>Total Operating Cash Disbursements</i>	14
<i>Net Change in Fund Cash Balances</i>	13
<i>Fund Cash Balances, January 1</i>	3,150
<i>Fund Cash Balances, December 31</i>	\$ 3,163

The accompanying notes are an integral part of the financial statements.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 1 – Reporting Entity**

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

***Public Entity Risk Pools***

The Township participates in a public entity risk pool. The organization is Ohio Township Association Risk Management Authority (OTARMA). Note 7 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 – The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

The Township's private purpose trust fund is the for the benefit of certain individuals.

The Township had the following significant Trust Fund:

Cemetery Endowment Fund – This fund receives interest earned from bequests held in trust on behalf of Green, Partch, Wright and Hoskins for the general upkeep of these graves.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, 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. Unencumbered appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

***Deposits 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.

***Capital Assets***

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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gasoline Tax fund by \$12,727 for the year ended December 31, 2017.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 75,424	\$ 81,295	\$ (5,871)
Special Revenue	228,827	278,699	(49,872)
Trust	20	27	(7)
Total	\$ 304,272	\$ 360,021	\$ (55,750)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 92,873	\$ 71,927	\$ 20,946
Special Revenue	362,353	351,706	10,647
Trust	60	14	46
Total	\$ 455,286	\$ 423,647	\$ 31,639

**Note 5 – Deposits**

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

	2017
Demand deposits	\$ 110,491
Certificates of deposit	2,600
Savings	501
Total deposits	\$ 113,592

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 7 – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	<b>2017</b>
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$3,000.



**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 7 – Risk Management (Continued)**

Financial Position (Continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b>2017 Contributions to OTARMA</b>
\$6,616

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

***Ohio Deferred Comp***

The Township also allows employees to put additional retirement income into the Ohio Deferred Compensation plan. The Township does not contribute to this plan. Ohio Deferred Compensation is a supplemental 457(b) retirement plan for all Ohio public employees and one of the largest 457(b) plans in the country. Deferred compensation has been the Program's only responsibility since 1976.

The Program is unique that it is a public, non-profit organization created by Ohio legislation. A 13-member Board, composed of public employees, retirees, and appointed investment experts, governs the Program as required by Ohio Revised Code Chapter 148. The staff manages and administers the Program with public employees' best interests in mind. External managers professionally manage the Program's investment options. Investment options are selected and monitored by the Board and its independent investment consultant.

***Social Security***

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2017.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Debt**

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
2016 Tandem Truck	\$ 92,063	2.0%
Total	\$ 92,063	

In 2016, the Township financed the purchase of a new tandem truck with plowing equipment for Township road maintenance.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	2016 Tandem Truck
2018	\$ 32,766
2019	32,766
2020	32,766
2021	-
2022	-
Total	\$ 98,298



313 Second St.  
Marietta, OH 45750  
740 373 0056

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

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

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

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

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

July 23, 2019

Pierpont Township  
Ashtabula County  
5657 Caine Road  
Pierpont, Ohio 44082

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Pierpont Township**, Ashtabula County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 23, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

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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, opining 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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2018-002 through 2018-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 23, 2019.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-001**

**Material Weakness**

**Posting Receipts and Disbursements and Fund Classifications**

The Township should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund types should be properly classified based on Governmental Accounting Standards Statement No. 54.

Receipts and disbursements and fund balances were not always posted correctly. The following posting errors were noted:

- Budget carryover amounts in the General Fund were classified as Unassigned instead of Assigned fund balance in 2018 and 2017;
- Real estate settlement receipts received from the County were posted to Intergovernmental instead of Property and Other Local Taxes in 2018 and 2017;
- Debt payments were not properly allocated between Principal Retirement and Interest in 2018 and 2017;
- Reimbursement receipts were classified as Special Items and Extraordinary Items instead of Miscellaneous in 2018 and 2017;
- A receipt for the sale of property was classified as a Special Item instead the Sale of Capital Asset in 2018.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for guidance on fund classifications.

**Management's Response** – We did not receive a response from officials to this finding.

PIERPONT TOWNSHIP  
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2018-002

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 149.351(A)** provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under § 149.38 to 149.42 of the Revised Code or under the records programs established by the boards of trustees of state-supported institutions of higher education under § 149.33 of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, destroyed, mutilated, or transferred unlawfully.

The completed voucher packages should be the basis for the preparation of checks. The package should include the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of the goods or services and the accuracy of the quantity and price, and a copy of the requisition or purchase order to document the fiscal officer's prior certification that sufficient appropriations and resources were available to meet the obligation.

During our test of non-payroll disbursements, we noted that three disbursements in 2018 and five disbursements in 2017 had no or inadequate supporting documentation, such as invoice. The payments were determined to be for a proper public purpose by applying alternate procedures.

The failure to maintain adequate support for receipts and expenditures could result in a loss of accountability over the Township's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

The Township Fiscal Officer should take the necessary steps to ensure all records are maintained for public inspection and that no disbursements are made unless supporting documentation is available.

**Management's Response** – We did not receive a response from officials to this finding.

FINDING NUMBER 2018-003

**Noncompliance**

**Ohio Revised Code, § 5705.41(B)**, provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In 2018, we noted expenditures exceeding appropriations in the Road and Bridge Fund by \$87,683 and in 2017, expenditures exceeded appropriations in the Gasoline Tax Fund by \$12,727, respectively.

We recommend the Board review and amend appropriations whenever necessary to help reduce the possibility of expenditures exceeding appropriations, provided sufficient resources are available.

**Management's Response** – We did not receive a response from officials to this finding.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-004**

**Noncompliance**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting 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. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 of expenditures by the taxing authority.
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 entity 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. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 33% of the expenditures tested for 2018 and for 22% of the expenditures tested for 2017.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

PIERPONT TOWNSHIP  
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2018-004 (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – We did not receive a response from officials to this finding.



# OHIO AUDITOR OF STATE KEITH FABER



**PIERPONT TOWNSHIP**

**ASHTABULA 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**