



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY TOWNSHIP
LAWRENCE COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Perry Township
Lawrence County
4633 State Route 243
Ironton, Ohio 45638

To the Board of Township Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Perry Township, Lawrence County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Perry Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 to the financial statements for each year, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Keith Faber
Auditor of State
Columbus, Ohio
August 23, 2022

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Perry Township
Lawrence County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$42,171	\$180,165			\$222,336
Licenses, Permits and Fees	51,586				51,586
Intergovernmental	43,112	454,504		\$37,462	535,078
Earnings on Investments	71	14			85
Miscellaneous	3,844	1,675			5,519
<i>Total Cash Receipts</i>	<u>140,784</u>	<u>636,358</u>	<u>0</u>	<u>37,462</u>	<u>814,604</u>
Cash Disbursements					
Current:					
General Government	99,492				99,492
Public Safety		46,614			46,614
Public Works		164,279			164,279
Capital Outlay		54,257		37,462	91,719
Debt Service:					
Principal Retirement			21,733		21,733
Interest and Fiscal Charges			636		636
<i>Total Cash Disbursements</i>	<u>99,492</u>	<u>265,150</u>	<u>22,369</u>	<u>37,462</u>	<u>424,473</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>41,292</u>	<u>371,208</u>	<u>(22,369)</u>	<u>0</u>	<u>390,131</u>
Other Financing Receipts (Disbursements)					
Transfers In			22,369		22,369
Transfers Out		(22,369)			(22,369)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(22,369)</u>	<u>22,369</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	41,292	348,839	0	0	390,131
<i>Fund Cash Balances, January 1</i>	<u>133,822</u>	<u>407,825</u>			<u>541,647</u>
<i>Fund Cash Balances, December 31</i>	<u>\$175,114</u>	<u>\$756,664</u>	<u>\$0</u>	<u>\$0</u>	<u>\$931,778</u>

See accompanying notes to the basic financial statements

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Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Township, Lawrence 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.

Public Entity Risk Pool

The Township participates in a public entity risk pool. This organization is the Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all townships for property and casualty insurance coverage. Note 6 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.

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:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

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.

Road and Bridge Fund The road and bridge fund accounts for and reports fees restricted for maintenance and repair of roads and bridges within the Township.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Fire District Tax Fund The fire district tax fund accounts for and reports that portion for fire services within the Township.

Permissive Motor Vehicle License Tax Fund The permissive 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.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Bond Retirement Fund The bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a tractor thru the issuance of bonds.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Ohio Public Works Commission (OPWC) Fund The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

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 (C). 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 (C) 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. The Township did not encumber all commitments required by Ohio law.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

A summary of 2021 budgetary activity appears in Note 3.

Deposits

The Township only had deposits during the year. This was a checking account and was reported on a cash basis.

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.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$93,000	\$140,784	\$47,784
Special Revenue	270,663	636,358	365,695
Debt Service	0	22,369	22,369
Capital Projects	37,462	37,462	0
Total	\$401,125	\$836,973	\$435,848

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$175,000	\$99,492	\$75,508
Special Revenue	575,538	290,019	285,519
Debt Service	0	22,369	(22,369)
Capital Projects	37,462	37,462	0
Total	\$788,000	\$449,342	\$338,658

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

	2021
Demand deposits	\$931,778

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$2,481 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation; or 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.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 6 – Risk Management

The Township 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 Township’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:

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

The Township had no debt outstanding at year end. However, they did pay off one debt issuance in 2021.

The debt paid off was the Tractor Acquisition Bonds, dated March 1, 2016, of the initial denomination of \$78,000, maturing in installments on or before April 30, 2022. Debt was to be repaid in semi-annual installments to WesBanco Bank, Inc. Principal and Interest payments were to be made from the Bond Retirement Fund.

Noncompliance was noted with one of the Township's debt covenants. The Bond Issuance documents required that a Debt Service Fund be created for the repayment of the principal and interest. However, the Township did not create such a fund. Instead, they repaid the debt from the Permissive Motor Vehicle License Fund. The accompanying financial statements presented by the Township have been adjusted to report the activity in the proper funds.

Note 10 – Contingent Liabilities

Grants

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.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Litigation

The Township is not currently party to legal proceedings.

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Unclaimed Monies	\$0	\$0	\$0	\$0	\$0
Corpus	0	0	0	0	0
Outstanding Encumbrances	0	2,500	0	0	2,500
Total	\$0	\$2,500	\$0	\$0	\$2,500

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Subsequent Events

In fiscal year 2022, the Township entered into a contract to extend one bay on the fire station #2. The estimated cost was \$74,000. This will be paid from the Fire levy tax fund.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township received \$276,910 in 2021 of ARPA / Local Fiscal Recovery Funds. However, the Township did not spend any of its COVID-19 funding in 2021.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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Perry Township

Lawrence County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$42,737	\$179,156		\$221,893
Licenses, Permits and Fees	52,883			52,883
Intergovernmental	41,680	167,063		208,743
Earnings on Investments	318	88		406
Miscellaneous	895	1,429		2,324
<i>Total Cash Receipts</i>	<u>138,513</u>	<u>347,736</u>	<u>0</u>	<u>486,249</u>
Cash Disbursements				
Current:				
General Government	109,507			109,507
Public Safety		49,209		49,209
Public Works		113,167		113,167
Capital Outlay		20,000		20,000
Debt Service:				
Principal Retirement			\$13,438	13,438
Interest and Fiscal Charges			1,187	1,187
<i>Total Cash Disbursements</i>	<u>109,507</u>	<u>182,376</u>	<u>14,625</u>	<u>306,508</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,006</u>	<u>165,360</u>	<u>(14,625)</u>	<u>179,741</u>
Other Financing Receipts (Disbursements)				
Transfers In			14,625	14,625
Transfers Out	(610)	(14,015)		(14,625)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(610)</u>	<u>(14,015)</u>	<u>14,625</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	28,396	151,345	0	179,741
<i>Fund Cash Balances, January 1</i>	<u>105,426</u>	<u>256,480</u>		<u>361,906</u>
<i>Fund Cash Balances, December 31</i>	<u>\$133,822</u>	<u>\$407,825</u>	<u>\$0</u>	<u>\$541,647</u>

See accompanying notes to the basic financial statements

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Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Township, Lawrence 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.

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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.

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:

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Road and Bridge Fund The road and bridge fund accounts for and reports fees restricted for maintenance and repair of roads and bridges within the Township.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fire District Tax Fund The fire district tax fund accounts for and reports that portion for fire services within the Township.

Permissive Motor Vehicle License Tax Fund The permissive 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.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Bond Retirement Fund The bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a tractor thru the issuance of bonds.

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 (C). 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 (C) 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. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2020 budgetary activity appears in Note 3.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Deposits

The Township only had deposits during the year. This was a checking account and was reported on a cash basis.

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.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,255	\$138,513	\$10,258
Special Revenue	360,540	347,736	(12,804)
Debt Service	0	14,625	14,625
Total	\$488,795	\$500,874	\$12,079

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$182,616	\$110,117	\$72,499
Special Revenue	475,196	196,391	278,805
Debt Service	0	14,625	(14,625)
Total	\$657,812	\$321,133	\$336,679

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

	2020
Demand deposits	\$541,647

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$2,608 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation; or 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.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 6 – Risk Management

The Township 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 Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber 4
- 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:

2020	
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$21,715	3.67%

The Township issued general obligation bonds to finance the purchase of a new tractor and mower for Township road maintenance. The Township’s taxing authority collateralized the bonds.

The Tractor Acquisition Bonds were dated March 1, 2016 of the initial denomination of \$78,000, maturing in installments on or before April 30, 2022. Debt was to be repaid in semi-annual installments to WesBanco Bank, Inc. Principal and Interest payments were to be made from the Bond Retirement Fund.

Noncompliance was noted with one of the Township’s debt covenants. The Bond Issuance documents required that a Debt Service Fund be created for the repayment of the principal and interest. However, the Township did not create such a fund. Instead, they repaid the debt from both the General and Permissive Motor Vehicle License Fund. The accompanying financial statements presented by the Township have been adjusted to report the activity in the proper funds.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization

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

Year Ending December 31:	General Obligation Bonds
2021	\$14,625
2022	7,913
Total	<u>\$22,538</u>

Note 10 – Contingent Liabilities

Grants

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.

Litigation

The Township is not currently party to legal proceedings.

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the Township had no encumbrances outstanding and they had no nonspendable balances, so these were all \$0 balances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Subsequent Events

In fiscal year 2022, the Township entered into a contract to extend one bay on the fire station #2. The estimated cost was \$74,000. This will be paid from the Fire levy tax fund.

Perry Township
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township did not receive any CARES Act funding.

Note 14 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

The effect of this change had no effect on the beginning cash balances.

OHIO AUDITOR OF STATE KEITH FABER



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

Perry Township
Lawrence County
4633 State Route 243
Ironton, Ohio 45638

To the Board of Township Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Perry Township, Lawrence County, Ohio (the Township) and have issued our report thereon dated August 23, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *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 corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-003 and 2021-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 through 2021-003.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
August 23, 2022

**PERRY TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

NONCOMPLIANCE / FINDING FOR RECOVERY – RESOLVED UNDER AUDIT (REPAYMENT PLAN)

Ohio Rev. Code § 505.60(A) states as provided in this section and section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

(A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

(B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

(C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Contrary to the Ohio Revised Code Sections above, Douglas Matthew Malone received vision and dental benefits that were directly purchased by the Township contrary to the Township's Resolution approving to operate under ORC § 505.601. The total of these benefits were \$1,219. Township Fiscal Officer Jeff Joseph received or collected \$1,219 of the public money used to make the erroneous payments.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of office. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

**FINDING NUMBER 2021-001
(Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued jointly and severally against Township Trustee Douglas Matthew Malone and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$1,219, and against Township Fiscal Officer Jeff Joseph, and his bonding company, Ohio Township Association Risk Management Authority in the amount of \$1,219 and in favor of Perry Township, Lawrence County's General Fund.

On August 13 2022, Douglas Matthew Malone entered into a Settlement Agreement / Repayment Plan with Perry Township to repay the above finding amount of \$1,219 starting on August 25, 2022.

Officials' Response:

Township corrected all insurance issues in the 2022 budget.

FINDING NUMBER 2021-002

NONCOMPLIANCE

Ohio Rev. Code § 505.60 permits townships to procure their own healthcare coverage, while Ohio Rev. Code § 505.601 permits townships to opt not to procure their own plans, but still reimburse officers' and employees' for their healthcare premiums. Ohio Rev. Code § 505.60 specifically permits townships to procure the following forms of healthcare coverage: hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance. In addition, Ohio Rev. Code § 505.60 allows townships to reimburse a township officer or employee for out-of-pocket premiums for insurance policies, including long-term care insurance. The reimbursement is permitted for a township officer or employee who is denied coverage under a township health care plan established pursuant to Ohio Rev. Code § 505.60, or who elects not to participate in the township's plan. The township may reimburse for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code § 505.60(A). The reimbursement for the officer, employee, and their immediate dependent cannot exceed an amount equal to the average premium paid by the township under any health care plan it procures [Ohio Rev. Code § 505.60(D)] and cannot be reimbursed for immediate dependents if they elect not to participate in the plan (2017 Op. Att'y. Gen. No. 2017-007).

Requirements governing township-procured health insurance coverage apply equally to township-paid coverage through a health insuring corporation contract as follows:

- that an officer or employee may decline coverage under either method without affecting the availability of coverage to other officers and employees
- that either method may provide the same kinds of coverage
- that coverage under either method is to be paid from the same township sources used to pay employee and officer compensation
- that immediate dependents may be covered under either method
- that reimbursement of an officer or employee for premiums paid for alternative coverage (e.g., through a spouse) is only for the part of the premium paid for the same kinds of coverage offered by the township's plan, whether it be provided through insurance or a health insuring corporation contract

FINDING NUMBER 2021-002
(Continued)

The statute does not permit reimbursements for:

- deductibles
- the employer's portion of premiums
- healthcare expenses related to family members, not on the township healthcare plan

If a township opts not to procure its own health insurance, it still is permitted to reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs pursuant to Ohio Rev. Code § 505.601. However, pursuant to Ohio Rev. Code § 505.601, the township must meet the following three conditions:

1. The board of township trustees adopts a resolution stating that the township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium,
2. The resolution provides for a uniform maximum monthly or yearly payment amount for each officer and employee,
3. The resolution states the specific benefits, pursuant to Ohio Rev. Code § 505.60(A), that will be reimbursed.

Ohio Rev. Code § 505.601 (reimbursement when a township does not offer health insurance to its officers/employees) covers reimbursements made to township officers/employees for dependent health care coverage. Reimbursement is only for the part of the out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Rev. Code § 505.60(A), and that the reimbursement covers immediate dependents in addition to the officer or employee.

During 2020, the Township had a policy in place that approved them to operate under Ohio Rev. Code § 505.601. This policy had been in place from 2017 through 2020. However, no elected officials received any reimbursements in 2020. Instead, the Township procured medical, dental, and vision insurance for some of the elected officials. This went against their approved policy in place at the time and also in place when these elected officials took office. This resulted in some elected officials receiving improper health insurance, vision insurance, and / or dental insurance coverage during the year. Findings for Recovery were issued relating to this in the 2019 – 2018 audit.

In 2021, the Township changed its policy to follow guidance outlined in Ohio Rev. Code § 505.60. However, since the approval was done during the terms of all elected officials, excluding the Township Fiscal Officer, none of the Township Trustees should have received Township procured insurance in 2021. However, we noted that improper health insurance coverage was received by one Trustee during 2021 in which a Finding for Recovery was issued as part of the 2019 – 2018 audit. We also noted one Trustee received improper dental and vision insurance coverage during 2021 in which a Finding for Recovery has been issued in the current audit (See Finding Number 2021-001).

**FINDING NUMBER 2021-002
(Continued)**

We recommend the Township Trustees review Ohio Rev. Code requirements regarding the purchase and reimbursement of Township insurance and consult with their legal counsel in order to develop and approve a policy in accordance with the above Ohio Rev. Code guidelines. We further recommend the Township follow the policy in regards to whether they intend to purchase insurance or provide insurance reimbursement for premiums.

Officials' Response:

Township corrected all insurance issues in the 2022 budget.

FINDING NUMBER 2021-003

NONCOMPLIANCE / MATERIAL WEAKNESS

The Township issued 2016 tractor bonds, and as part of the debt documentation, the Board of Trustees issued a "CERTIFICATE UNDER SECTIONS 103(b)(2) AND 148 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED". In this certificate, section F (3) stated that "except for the Bond Retirement Fund, no other account or fund has been or will be established to pay principal of, premium, if any, or interest on the bonds. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the Bonds, and there are no moneys, sources of funds, securities or obligations with respect to which the Issuer has given or will give any reasonable assurance to any holder of the Bonds that such funds will be available to pay principal of, premium, if any, or interest on the Bonds."

Therefore, all principal and interest payments on the bonds in the amount of \$14,625 in 2020 and \$22,369 for 2021 noted above should have been paid from a Bond Retirement Fund. However, the Township did not create such a fund for repayment. Instead, they chose to repay the debt from the Permissive Motor Vehicle License Tax Fund and General Fund in both years.

This improper repayment was a result of the Township Fiscal Officer not being aware that a Bond Retirement Fund was required to repay the debt. This noncompliance caused improper reporting on the 2021 and 2020 financial statements. Adjustments have been made to both years' financial statements to correct the error this caused in reporting.

We recommend the Township create a Bond Retirement Fund and pay all future debt payments from this fund as required.

Officials' Response:

The Township has paid this bond off. Any future bonds will be paid from the Debt Retirement Fund.

FINDING NUMBER 2021-004

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

FINDING NUMBER 2021-004
(Continued)

In order to achieve proper financial reporting, all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

Sound financial reporting is the responsibility of the Township Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Due to deficiencies in internal control related to financial reporting, the Township misclassified and misposted various receipts, disbursements, and fund balances in the annual financial report submitted to the Auditor of State for fiscal years 2021 and 2020. These misstatements had the following effect on the Township's financial statements:

December 31, 2021 Financial Statements:

- The Township did not report principal and interest payments from a Bond Retirement Fund as required. Instead, the debt service payments were made from the Permissive Motor Vehicle License Tax Fund, General Governmental Disbursements Line Item. This resulted in an overstatement of disbursements of \$22,369 in the Permissive Motor Vehicle License Tax Fund and an understatement of Bond Retirement Fund disbursements of the same amount.
- On behalf of payments for an OPWC project were recorded, but in incorrect funds. This resulted in an understatement of Intergovernmental Receipts and Capital Outlay disbursements in the amount of \$37,462 in the OPWC Fund. It also resulted in an overstatement of Intergovernmental Revenue of the same amount in the Road and Bridge Fund and overstatement of General Government disbursements in the Gasoline Tax Fund.
- Homestead and Rollback receipts in the amount of \$15,073 were recorded in the Fire District Fund as Tax receipts instead of Intergovernmental receipts.
- Homestead and Rollback receipts in the amount of \$6,341 were recorded in the Road and Bridge Fund as Tax receipts instead of Intergovernmental receipts.
- COVID-19 Local Fiscal Recovery Fund Grant receipts in the amount of \$276,910 were recorded in the Coronavirus Relief Fund as an Extraordinary Item instead of Intergovernmental receipts.
- Gasoline Tax Fund disbursements of \$130,162 were classified as General Government disbursements instead of Public Works disbursements, \$96,977, and Capital Outlay disbursements, \$33,185.
- Road and Bridge Fund disbursements of \$73,192 were classified as General Government disbursements instead of Public Works disbursements, \$52,120, and Capital Outlay disbursements, \$21,072.
- Fire District Fund disbursements of \$41,576 were classified as General Government disbursements instead of Public Safety disbursements.

**FINDING NUMBER 2021-004
(Continued)**

December 31, 2020 Financial Statements:

- The Township did not report principal and interest payments from a Bond Retirement Fund as required. Instead, the debt service payments were made from the General Fund and Permissive Motor Vehicle License Tax Fund, General Governmental Disbursements Line Items. This resulted in an overstatement of disbursements of \$610 in General Fund and \$14,015 in the Permissive Motor Vehicle License Tax Fund and an understatement of Bond Retirement Fund disbursements of \$14,625.
- Village of South Point payments in the amount of \$9,479 were recorded in the General Fund as Tax receipts instead of Intergovernmental receipts.
- Permissive Motor Vehicle License Tax Revenue in the amount of \$2,542 was posted to the General Fund instead of the Permissive Motor Vehicle License Tax Fund.
- Homestead and Rollback receipts in the amount of \$6,421 were recorded in the Road and Bridge Fund as Tax receipts instead of Intergovernmental receipts.
- Homestead and Rollback receipts in the amount of \$15,141 were recorded in the Fire District Fund as Tax receipts instead of Intergovernmental receipts.
- Gasoline Tax Fund General Government disbursements were overstated by \$20,000, and Gasoline Tax Fund Capital Outlay disbursements were understated by the same amount.
- Gasoline Tax Fund disbursements of \$97,874 were classified as General Government disbursements instead of Public Works disbursements.
- Fire District Fund disbursements of \$45,253 were classified as General Government disbursements instead of Public Safety disbursements.
- Road and Bridge Fund disbursements of \$5,938 were classified as General Government disbursements instead of Public Works disbursements.
- Permissive Motor Vehicle License Tax Fund disbursements of \$5,985 were classified as General Government disbursements instead of Public Works disbursements.

This resulted in audit adjustments and reclassifications to the financial statements. Any fund balance adjustments have been posted to the Township's accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Township Fiscal Officer and Board of Trustees to identify and correct errors and omissions.

We also recommend the Township Fiscal Officer refer to the Ohio Township Handbook and Auditor of State Bulletins 2000-008, 2002-004 and 2011-004 and also take due care in posting transactions in order to ensure the annual financial statements reflect the appropriate activity for the Township's receipts and disbursements.

Officials' Response:

Township has corrected coding issues in 2022. Future COVID-19 Relief Funds and homestead and rollback will be entered as intergovernmental receipts.

**PERRY TOWNSHIP
LAWRENCE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance Citation / Finding for Recovery – Insurance reimbursements and coverage – Douglas Matthew Malone	Resolved	Settlement agreement in the amount of \$13,058 with payments starting on 1/25/22
2019-002	Noncompliance Citation / Finding for Recovery – Insurance reimbursements and coverage – Teresa Lawless	Not Corrected.	No repayment has been made on this Finding.
2019-003	Noncompliance Citation / Finding for Recovery – Insurance reimbursements and coverage – Barry Blankenship	Resolved	Settlement agreement in the amount of \$26,224 starting on 1/25/22.
2019-004	Noncompliance Citation / Finding for Recovery – Insurance coverage – Jeff Joseph	Fully Corrected.	Fully Repaid Under Prior Audit
2019-005	Noncompliance Citation – Ohio Rev. Code § 5705.38(A), Appropriation Measure not properly approved	Fully Corrected.	
2019-006	Noncompliance Citation – Ohio Rev. Code § 5705.41(D)(1), Improper prior certification of funds	Partially Corrected.	Township had a few instances where purchases were made at year end without being properly encumbered. Reissued in Management Letter
2019-007	Noncompliance Citation – Ohio Rev. Code § 5705.41(B), Expenditures exceeded appropriations	Fully Corrected.	
2019-008	Noncompliance Citation – Ohio Rev. Code § 505.60, Improper insurance coverage and reimbursements	Partially Corrected.	Township passed a new resolution; however, it could not go into effect for all officials until new terms began. Thus, some noncompliance still existed. Reissued as Finding Number 2021-002

Finding Number	Finding Summary	Status	Additional Information
2019-009	Noncompliance Citation / Material Weakness - Bond Retirement Fund not used for proper repayment of bonds.	Not Corrected.	Township was unaware of the requirement to pay debt from a bond retirement fund. Reissued as Finding Number 2021-003
2019-010	Material Weakness - Sound Financial Reporting	Not Corrected.	Errors in posting to the system were identified. Reissued as Finding Number 2021-004
2019-011	Material Weakness – Budgetary Monitoring	Fully Corrected.	

OHIO AUDITOR OF STATE KEITH FABER



PERRY TOWNSHIP

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/6/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov