

PICKAWAY TOWNSHIP

PICKAWAY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2021 & 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Board of Trustees
Pickaway Township
27905 Caldwell Rd
Circleville, OH 43113

We have reviewed the *Independent Auditor's Report* of Pickaway Township, Pickaway County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2021. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Pickaway Township- Sales Tax/Late Fees- Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Ohio Rev. Code § 5739.02(B)(1) exempts sales to the state or any of its political subdivisions from sales tax. Since the Township was not legally required to pay the sales tax on this purchase, this expenditure is improper.

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

During the engagement period, the Township improperly paid \$1,507 in sales taxes to Witmer Public Safety Group regarding a purchase on fire-related gear and \$65 in sales taxes to Amazon regarding a purchase on medical tape and filters. Additionally, the Township paid \$902 in late fee penalties to Ohio Bureau of Workers' Compensation and \$299 in penalties and interest to Ohio Public Employees Retirement Systems for late filings and submission of withholding payments. Late payment fees and related finance charges are unnecessary expenditures which do not serve a proper public purpose. These late fee charges would have been avoided had the funds been remitted by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Fiscal Officer Brian Barr and in favor of Pickaway Township General fund, in the amount of \$2,773.

Members of the Board of Trustees
Pickaway Township
27905 Caldwell Rd
Circleville, OH 43113
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On July 25, 2022, the Township was credited \$1,507 by Witmer Public Safety Group for the amount of sales taxes paid by the Township. On August 5, 2022, \$65 was refunded to the Township from the Pickaway Township Fire Association and deposited, via check, in the Township's General Fund to repay the sales taxes disbursed to Amazon. On August 9, 2022, Fiscal Officer Brian Barr deposited \$902 in the Township's General fund to repay the late fee penalties disbursed to the Ohio Bureau of Workers' Compensation. On August 11, 2022, Fiscal Officer Brian Barr deposited \$299 in the Township's General fund to repay the penalties and interest disbursed to the Ohio Public Employees Retirement System.

As a result, this finding is considered to be repaid in full and constitutes a Finding for Recovery Repaid Under Audit.

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



Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2022

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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Independent Auditor's Report

Pickaway Township
Pickaway County
6166 Zane Trail Rd.
Circleville, Ohio 43113

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type of the Pickaway Township, Pickaway County, Ohio, 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 of the Pickaway Township, as of and for the years ended December 31, 2021 and 2020 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 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 Pickaway Township, as of December 31, 2021 and 2020, or 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 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 Pickaway 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 the Pickaway 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 a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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.

Though the Pickaway 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(C) permit. Our opinion on this accounting basis is in the “*Unmodified Opinion on Regulatory Basis of Accounting*” paragraph above.

Emphasis of Matter

As described in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Pickaway Township. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 Pickaway 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 generally accepted auditing standards and *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 generally accepted auditing standards 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 Pickaway 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 Pickaway 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 12, 2022 on our consideration of the Pickaway Township's internal control over financial reporting and on 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 Pickaway 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 Pickaway Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 12, 2022

Pickaway Township
Pickaway 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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts				
Property and Other Local Taxes	\$ 238,679	\$ 122,289	\$ -	\$ 360,968
Charges for Services	-	232,038	-	232,038
Licenses, Permits and Fees	2,823	-	-	2,823
Intergovernmental	85,046	287,444	-	372,490
Earnings on Investments	458	-	-	458
<i>Total Cash Receipts</i>	<u>327,006</u>	<u>641,771</u>	<u>-</u>	<u>968,777</u>
Cash Disbursements				
Current:				
General Government	257,775	-	-	257,775
Public Safety	-	195,281	-	195,281
Public Works	841	202,916	-	203,757
Health	6,487	-	-	6,487
Capital Outlay	-	36,111	-	36,111
Debt Service:				
Principal Retirement	53,970	59,818	-	113,788
Interest and Fiscal Charges	820	3,718	-	4,538
<i>Total Cash Disbursements</i>	<u>319,893</u>	<u>497,844</u>	<u>-</u>	<u>817,737</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,113</u>	<u>143,927</u>	<u>-</u>	<u>151,040</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	18,371	-	18,371
Other Financing Sources	41,877	872	-	42,749
<i>Total Other Financing Receipts (Disbursements)</i>	<u>41,877</u>	<u>19,243</u>	<u>-</u>	<u>61,120</u>
<i>Net Change in Fund Cash Balances</i>	48,990	163,170	-	212,160
<i>Fund Cash Balances, January 1</i>	<u>411,052</u>	<u>304,516</u>	<u>1,352</u>	<u>716,920</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 460,042</u>	<u>\$ 467,686</u>	<u>\$ 1,352</u>	<u>\$929,080</u>

See accompanying notes to the financial statement

Pickaway Township
Pickaway 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 Pickaway Township, Pickaway 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 has a contract to provide fire and ambulance services to Circleville Township.

Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a jointly governed organization and a public risk sharing pool. Notes 7 and 14 to the financial statements provides additional information for these entities.

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, 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:

Gasoline 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.

Fire and Ambulance Fund This fund receives fire and ambulance contract for the operation of the volunteer fire and ambulance service.

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

Road and Bridge Fund This fund receives levy monies for constructing, maintaining and repairing Township roads and bridges.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund – The cemetery bequest fund accounts for and reports interest earned on the nonexpendable donation to the cemetery and is used for the general maintenance of the cemetery.

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 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 canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Deposits

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.

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

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 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 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.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted Versus Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$368,883	\$368,883
Special Revenue	0	661,014	661,014
Total	\$0	\$1,029,897	\$1,029,897

2021 Budgeted Versus Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$681,482	\$322,577	\$358,905
Special Revenue	712,400	498,162	214,238
Permanent	352	0	352
Total	\$1,394,234	\$820,739	\$573,495

Note 4 – Deposits

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

	<u>2021</u>
Demand deposits	\$928,080
Certificates of deposit	<u>1,000</u>
Total deposits	<u>\$929,080</u>

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, with the exception of OPERS, the Township is holding unremitted employee payroll withholdings.

Deposits

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.

Pickaway Township
Pickaway 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 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.

Note 6 – Compliance

The Township did not properly include estimated receipts in their system in noncompliance with Ohio Administrative Code 117-2-02(C)(1).

The Township did not properly establish a separate fund for the Local Fiscal Recovery Funds, in noncompliance with Ohio Revised Code Section 5705.09(F).

The Township did not record receipts in the proper funds in noncompliance with Ohio Revised Code Section 5705.10(I) and (D).

The Township did not certify any certificates or amended certificates in noncompliance with Ohio Revised Code Section 5705.36.

The Township had appropriations in excess of estimated resources in noncompliance with Ohio Revised Code Section 5705.39.

The Township did not comply with Ohio Administrative Code 117-2-02(D) regarding the required payroll records.

The Township did not file or remit federal withholding taxes in noncompliance with 26 US Code Sections 3102 and 3402.

The Township did not properly certify disbursements in noncompliance with Ohio Revised Code Section 5705.41(D).

The Township did not file or remit other withholdings (state and school district) taxes in noncompliance with Ohio Revised Code Sections 5747.06 and 5747.07(B).

The Township did not follow certain portions of the Sunshine Laws and Ohio Revised Code Sections 149.42 and 149.43.

The Township Fiscal Officer did not meet the requirements of Ohio Revised Code Section 135.14 with respect to continuing education requirements or exemption from, if applicable.

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

The Township did not timely deposit monies collected in noncompliance with Ohio Revised Code Section 9.38.

Note 7 – 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 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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement

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

The Ohio Revised Code also prescribes contribution rates. 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 9 – Postemployment Benefits

OPERS offers 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 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.

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

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>
Ohio Public Works Commission	\$30,974
KNB - Power Cots	11,989
Squad Lease	102,742
KS - Fill Station	19,868
KNB - Tractor	40,329
Stryker	12,247
Total	<u><u>\$218,149</u></u>

During 2007 the Township entered into an Ohio Public Works Commission (OPWC) loan to finance the replacement of a Township road, to be repaid from the Gasoline Tax fund over a twenty-year period. During 2021 a portion of the repayment was paid from the Permissive Motor Vehicle License Tax fund.

During 2016, the Township entered into a loan agreement with Kingston National Bank (KNB) for a 2017 Ford Truck in the amount of \$84,532. The loan is to be repaid over a five year period from the Road and Bridge fund. This loan was retired in full during 2021.

During 2018, the Township entered into a loan agreement with KNB for Power Cots in the amount of \$56,631. The loan is to be repaid over a five year period from the Fire & Ambulance fund. The General fund paid the principal and interest payments during 2021.

During 2018, the Township entered into a lease agreement to acquire a squad in the amount of \$256,855 with an annual payment being made over five years from the Fire & Ambulance fund. The General fund paid a portion of the annual payment during 2021. There is no break down of principal and interest, all payments are applied to principal.

During 2018, the Township entered into a loan agreement with Kansas State Bank (KS) to acquire a fill station in the amount of \$47,097. The loan is to be repaid over a five year period from the Fire & Ambulance fund.

During 2019, the Township entered into a loan agreement with KNB to acquire a Farmmall Tractor in the amount of \$66,018 to be repaid over five years from the Road and Bridge fund.

During 2021, the Township entered into an agreement with Stryker to for life pack systems in the amount of \$18,370 to be repaid over three years from the Fire & Ambulance fund. The General fund paid the 2021 payment.

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

Amortization

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

Year Ending December 31:	KNB - Power					
	OPWC	Stryker	Cots	Squad Lease	KS - Fill Station	KNB - Tractor
2022	\$5,162	\$6,124	\$12,346	\$51,371	\$10,806	\$14,262
2023	5,162	6,124	0	51,371	10,806	14,262
2024	5,162	0	0	0	0	14,262
2025	5,162	0	0	0	0	0
2026	5,162	0	0	0	0	0
2027	5,164	0	0	0	0	0
Total	\$30,974	\$12,248	\$12,346	\$102,742	\$21,612	\$42,786

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including 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	Permanent	Total
Nonspendable - Corpus	\$ -	\$ -	\$ 1,000	\$ 1,000
Outstanding Encumbrances	2,684	318	-	\$ 3,002
Total	\$ 2,684	\$ 318	\$ 1,000	\$ 4,002

The fund balance of special revenue funds is either restricted or committed. 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 and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – 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 2020, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may 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.

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

Note 13 – 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 14 – Jointly Governed Organization

The City of Circleville - Pickaway Township Joint Economic Development District, Pickaway County, Ohio (the "District") is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.70 through 715.72 as a result of an agreement between the City of Circleville and Pickaway Township (the "JEDD Agreement"). The District is directed by a five member board of directors. The District's purpose is to promote economic development to create and/or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, Pickaway County, City of Circleville and Pickaway Township. The District's geographic area is located entirely in Pickaway Township, Ohio and the primary source of revenue is a tax on income earned in the District. The Township received \$49,144, under the JEDD Agreement during 2021, which is included in the General Fund as Intergovernmental revenue.

Note 15 – Other Financing Sources

Other Financing Sources in the General fund consist primarily of Bureau of Workers' Compensation refunds and insurance claim proceeds.

Pickaway Township
Pickaway 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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts				
Property and Other Local Taxes	\$ 235,860	\$ 127,292	\$ -	\$ 363,152
Charges for Services	-	270,846	-	270,846
Licenses, Permits and Fees	3,465	-	-	3,465
Intergovernmental	80,260	268,181	-	348,441
Earnings on Investments	472	-	-	472
<i>Total Cash Receipts</i>	<u>320,057</u>	<u>666,319</u>	<u>-</u>	<u>986,376</u>
Cash Disbursements				
Current:				
General Government	319,797	-	-	319,797
Public Safety	-	308,222	-	308,222
Public Works	517	104,450	-	104,967
Health	7,068	-	-	7,068
Debt Service:				
Principal Retirement	-	103,942	-	103,942
Interest and Fiscal Charges	-	5,657	-	5,657
<i>Total Cash Disbursements</i>	<u>327,382</u>	<u>522,271</u>	<u>-</u>	<u>849,653</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,325)</u>	<u>144,048</u>	<u>-</u>	<u>136,723</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	99,041	8,278	-	107,319
<i>Total Other Financing Receipts (Disbursements)</i>	<u>99,041</u>	<u>8,278</u>	<u>-</u>	<u>107,319</u>
<i>Net Change in Fund Cash Balances</i>	91,716	152,326	-	244,042
<i>Fund Cash Balances, January 1</i>	<u>319,336</u>	<u>152,190</u>	<u>1,352</u>	<u>472,878</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 411,052</u>	<u>\$ 304,516</u>	<u>\$ 1,352</u>	<u>\$ 716,920</u>

See accompanying notes to the financial statement

Pickaway Township
Pickaway 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 Pickaway Township, Pickaway 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 has a contract to provide fire and ambulance services to Circleville Township.

Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a jointly governed organization and a public risk sharing pool. Notes 7 and 15 to the financial statements provides additional information for these entities.

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, 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:

Gasoline 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.

Fire and Ambulance Fund This fund receives fire and ambulance contract for the operation of the volunteer fire and ambulance service.

Coronavirus Relief Fund This fund receives COVID-19 funding to combat the pandemic.

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

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund – The cemetery bequest fund accounts for and reports interest earned on the nonexpendable donation to the cemetery and is used for the general maintenance of the cemetery.

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 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 canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Deposits

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.

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

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 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.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted Versus Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$251,257	\$419,098	\$167,841
Special Revenue	630,666	674,597	43,931
Total	\$881,923	\$1,093,695	\$211,772

2020 Budgeted Versus Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$690,409	\$394,314	\$296,095
Special Revenue	645,130	550,279	94,851
Permanent	352	0	352
Total	\$1,335,891	\$944,593	\$391,298

Note 4 – Deposits

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

	2020
Demand deposits	\$715,920
Certificates of deposit	1,000
Total deposits	716,920

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, with the exception of OPERS, the Township is holding unremitted employee payroll withholdings.

Deposits

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.

Pickaway Township
Pickaway 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 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.

Note 6 – Compliance

The Township did not record receipts in the proper funds in noncompliance with Ohio Revised Code Section 5705.10(I) and (D).

The Township did not certify amended certificates when necessary, nor did they certify the proper unencumbered balances at the beginning of the year in noncompliance with Ohio Revised Code Section 5705.36.

The Township had appropriations, as approved by the Board of Trustees, in excess of estimated resources in noncompliance with Ohio Revised Code Section 5705.39.

The Township did not comply with Ohio Administrative Code 117-2-02(D) regarding the required payroll records.

The Township did not file or remit federal withholding taxes in noncompliance with 26 US Code Sections 3102 and 3402.

The Township did not properly certify disbursements in noncompliance with Ohio Revised Code Section 5705.41(D).

The Township did not file or remit other withholdings (state and school district) taxes in noncompliance with Ohio Revised Code Sections 5747.06 and 5747.07(B).

The Township did not follow certain portions of the Sunshine Laws and Ohio Revised Code Sections 149.42 and 149.43.

The Township Fiscal Officer did not meet the requirements of Ohio Revised Code Section 135.14 with respect to continuing education requirements or exemption from, if applicable.

The Township did not timely deposit monies collected in noncompliance with Ohio Revised Code Section 9.38.

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

Note 7 – 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 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>2020</u>
Cash and investments \$36,348,066
Actuarial liabilities \$ 10,894,146

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement

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

The Ohio Revised Code also prescribes contribution rates. 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 9 – Postemployment Benefits

OPERS offers 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 2020. The portion of employer contributions allocated to health care for OPERS members in the in the member-directed plan was 4.0 percent during calendar year 2020.

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

Note 10 – Debt

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

	<u>Principal</u>
Ohio Public Works Commission	\$36,136
KNB - Truck	17,814
KNB - Power Cots	23,502
Squad Lease	154,113
KS - Fill Station	28,993
KNB - Tractor	<u>53,010</u>
Total	<u><u>\$313,568</u></u>

During 2007 the Township entered into an Ohio Public Works Commission (OPWC) loan to finance the replacement of a Township road, to be repaid from the Gasoline Tax fund over a twenty-year period.

During 2016, the Township entered into a loan agreement with Kingston National Bank (KNB) for a 2017 Ford Truck in the amount of \$84,532. The loan is to be repaid over a five year period from the Road and Bridge fund.

During 2018, the Township entered into a loan agreement with KNB for Power Cots in the amount of \$56,631. The loan is to be repaid over a five year period from the Fire & Ambulance fund.

During 2018, the Township entered into a lease agreement to acquire a squad in the amount of \$256,855 with an annual payment being made over five years from the Fire & Ambulance fund. There is no break down of principal and interest, all payments are applied to principal.

During 2018, the Township entered into a loan agreement with Kansas State Bank (KS) to acquire a fill station in the amount of \$47,097. The loan is to be repaid over a five year period from the Fire & Ambulance fund.

During 2019, the Township, entered into a loan agreement with KNB to acquire a Farmmall Tractor in the amount of \$66,018 to be repaid over five years from the Road and Bridge fund.

Pickaway Township
Pickaway 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:	KNB - Power					
	OPWC	KNB - Truck	Cots	Squad Lease	KS - Fill Station	KNB - Tractor
2021	\$5,162	\$18,269	\$12,346	\$51,371	\$10,806	\$14,262
2022	5,162	0	12,346	51,371	10,806	14,262
2023	5,162	0	0	51,371	10,806	14,262
2024	5,162	0	0	0	0	14,262
2025	5,162	0	0	0	0	0
2026-2027	10,326	0	0	0	0	0
Total	\$36,136	\$18,269	\$24,692	\$154,113	\$32,418	\$57,048

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including 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	Permanent	Total
Nonspendable - Corpus	\$ -	\$ -	\$ 1,000	\$ 1,000
Outstanding Encumbrances	66,932	28,009	-	\$ 94,941
Total	\$ 66,932	\$ 28,009	\$ 1,000	\$ 95,941

The fund balance of special revenue funds is either restricted or committed. 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 and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – 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 2020, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may 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.

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

Note 13 – 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 14 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

Note 15 – Jointly Governed Organization

The City of Circleville - Pickaway Township Joint Economic Development District, Pickaway County, Ohio (the "District") is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.70 through 715.72 as a result of an agreement between the City of Circleville and Pickaway Township (the "JEDD Agreement"). The District is directed by a five member board of directors. The District's purpose is to promote economic development to create and/or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio, Pickaway County, City of Circleville and Pickaway Township. The District's geographic area is located entirely in Pickaway Township, Ohio and the primary source of revenue is a tax on income earned in the District. The Township received \$45,687, under the JEDD Agreement during 2020, which is included in the General Fund as Intergovernmental revenue.

Note 16 – Other Financing Sources

Other Financing Sources in the General fund consist primarily of Bureau of Workers' Compensation refunds and insurance claim proceeds. Other Financing Sources in the Special Revenue Fund Type consisted primarily of proceeds from the sale of an asset.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Pickaway Township
Pickaway County
6166 Zane Trail Rd.
Circleville, Ohio 43113

To the Members of the Board of Trustees:

We have audited, in accordance with the 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 of the Pickaway Township, Pickaway County, Ohio, as of and for the years ended December 31, 2021, and 2020 and the related notes to the financial statements and have issued our report thereon dated August 12, 2022, wherein we noted as described in Note 2 to the financial statements, the Pickaway Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Furthermore, we noted as described in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pickaway Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pickaway Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pickaway 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 Pickaway 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 and responses as items 2021-001 through 2021-013 and 2021-015 through 2021-016 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pickaway 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 and responses as items 2021-002 through 2021-011, 2021-014, and 2021-016.

Pickaway Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Pickaway Township's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Pickaway 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

The 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 Pickaway 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 Pickaway Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
August 12, 2022

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

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

Material Weakness - Financial Reporting

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements and notes for the years ended December 31, 2021 and 2020, respectively.

2021:

- General Fund: property tax receipts were decreased \$22,914, general government disbursements were increased \$25,732, intergovernmental receipts were increased \$20,253 and cash was decreased \$28,393. These adjustments were necessary to correct the coding of property tax and homestead and rollback receipts.
- Special Revenue Fund Type (Road & Bridge Fund): property tax receipts were increased \$18,189, public works disbursements were increased \$1,244, intergovernmental receipts were increased \$11,448, and cash was increased \$28,393. These adjustments were necessary to correct the coding of property tax and homestead and rollback receipts.
- Special Revenue Fund Type (Local Fiscal Recovery Fund): intergovernmental receipts and cash was increased \$111,089; (Fire and Ambulance Fund): miscellaneous receipts and cash was decreased \$111,089. These adjustments were to properly establish and segregate local fiscal recovery monies to a separate fund.
- General Fund: property tax receipts and cash were decreased \$2,870; Special Revenue Fund Type (Road and Bridge Fund): property tax receipts and cash were increased \$2,870. These adjustments were to properly allocate personal property receipts in accordance with levy dollars.
- General Fund: property tax receipts were decreased and intergovernmental receipts were increased \$49,144, to properly record JEDD receipts.
- General Fund: principal retirement was increased \$53,970, interest disbursements were increased \$820, general government disbursements decreased \$54,790; Special Revenue Fund Type (Road and Bridge Fund): principal retirement was increased \$30,493, interest disbursements was increased \$2,038, and public works disbursements were decreased \$32,531; Special Revenue Fund Type (Fire and Ambulance Fund): other debt proceeds and capital outlay disbursements were increased \$18,371, public safety disbursements were decreased \$25,843, principal retirement was increased \$24,163, and interest disbursements increased \$1,680; Special Revenue Fund Type (Permissive Fund & Gasoline Tax Fund (each): public works disbursements were decreased \$2,581 and principal retirement was increased \$2,581. These adjustments were to properly record debt activity.

2020:

- General Fund: property tax receipts were decreased \$21,711, intergovernmental receipts were increased \$19,816 and cash was decreased \$1,895. These adjustments were necessary to correct the coding of homestead and rollback receipts.
- Special Revenue Fund Type (Road & Bridge Fund): property tax receipts were decreased \$9,305, intergovernmental receipts were increased \$11,200, and cash was increased \$1,895. These adjustments were necessary to correct the coding of homestead and rollback receipts.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-001 – (continued)
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- Special Revenue Fund Type (Cares Act Fund): intergovernmental receipts was increased and charges for services receipts were decreased \$108,656. This adjustment was to properly record cares acts monies from the County.
- General Fund: property tax receipts and cash were decreased \$4,677; Special Revenue Fund Type (Road and Bridge Fund): property tax receipts and cash were increased \$4,677. These adjustments were to properly allocate personal property receipts in accordance with levy dollars.
- General Fund: property tax receipts were decreased and intergovernmental receipts were increased \$45,687, to properly record JEDD receipts.
- Revenue Fund Type (Road and Bridge Fund): principal retirement was increased \$30,327, interest disbursements was increased \$2,182, and capital outlay disbursements were decreased \$32,509; Special Revenue Fund Type (Fire and Ambulance Fund): public safety disbursements were decreased \$74,509, principal retirement was increased \$71,034, and interest disbursements increased \$3,475; Special Revenue Fund Type (Gasoline Tax Fund): public works disbursements were decreased \$2,581 and principal retirement was increased \$2,581. These adjustments were to properly record debt activity.
- General Fund: increase beginning fund balance cash \$13,456, Special Revenue Fund Type: Motor Vehicle License Tax Fund: decrease beginning fund balance cash \$7,363, Gasoline Tax Fund: decrease beginning fund balance cash \$14,058, Road and Bridge Fund: increase beginning fund balance cash \$5,384, and Fire and Ambulance Fund: increase beginning fund balance cash \$2,581. These adjustments were necessary to adjust the Township’s January 1 cash fund balances to agree to prior year audited balances.

The Township has posted all cash (fund balance) adjustments to its system.

Control procedures not properly developed related to the financial statements limits management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Township implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Township Fiscal Officer will more closely examine their report prior to filing with HINKLE and will work toward more accurately presenting those in the future.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-002
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Material Weakness/Noncompliance - Integration of Budgetary Information

Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Township did not have any County approved estimated resources however the Township included budgetary amounts in the system for the year ended December 31, 2021.

By not correctly including accurate (approved) budgetary accounts into the financial software, it could become challenging for the Township to easily monitor its budgeted activity in comparison with its actual amounts. The Township is also at risk for overspending in excess of available funds, which could possibly result in negative fund balances.

We recommend that approved budgetary modifications be incorporated into the UAN system by the Fiscal Officer in a timely manner. This will aid the Board of Trustees and Fiscal Officer in their review of budgetary versus actual information and help ensure budgetary requirements are followed.

Client Response: The Township Fiscal Officer will ensure budgetary modifications are accurately posted to UAN going forward.

Finding Number	2021-003
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Material Weakness/Noncompliance – Establishment of Funds

Ohio Revised Code Section 5705.09(F) requires a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The Township did not establish a separate fund in 2021 for the Local Fiscal Recovery monies.

By not establishing a separate fund, the Township is in noncompliance with the Ohio Revised Code and guidance put forth by the federal government and Ohio Auditor of State. It additionally provides for difficulty in segregating allowable costs.

We recommend that the Township properly establish separate funds in their UAN accounting system when required. Additional guidance can be found on the Ohio Auditor of State website.

Client Response: The Township Fiscal Officer will create a new fund as required in the future.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-004
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Material Weakness/Noncompliance – Receipt of Funds

Ohio Revised Code Section 5705.10(I) requires money paid into any fund shall be used only for the purposes for which such fund is established. Ohio Revised code Section 5705.10(D) states, in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

For the years 2021 and 2020, the Township did not record receipts in the proper funds in relation to certain property taxes, homestead and rollback, permissive motor vehicle license fees and motor vehicle receipts.

Not posting receipts in the proper funds can distort fund balances that are available for management to review and/or use for future disbursements.

We recommend the Township closely monitor the monthly reports to ensure the proper amounts are paid into and out of (if applicable) the proper funds.

Client Response: We will establish additional controls in 2022 regarding applicable receipts.

Finding Number	2021-005
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Material Weakness/Noncompliance

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. Furthermore, it requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected be greater or less than the amount in the last certified amended certificate.

The Township did not request enough amended certificates throughout the years ended December 31, 2020, upon notice of increased or decreased resources. The Township did not certify any resources for 2021. The Township is not properly certifying its audited balances to the appropriate authorities as required by law. Further, in 2021, the Township had excess of current appropriations over beginning cash plus actual receipts in the Special Revenue Fund Type (Fire and Ambulance Fund and the Permissive Motor Vehicle License Tax Fund).

By not accurately certifying beginning unencumbered balances and timely amending its certificate of estimated resources to the County Auditor, the Township is basing appropriation and expenditure decisions on outdated information.

We recommend the Township consult the Ohio Compliance Supplement, the Township’s Manual and its auditors to ensure that Township fund balances agree to audited reports. We further recommend the Township certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Township’s appropriation process.

Client Response: The Township is attempting to monitor the budget more closely.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-006
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Material Weakness/Noncompliance

Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Township had appropriations in excess of estimated resources for the year ending December 31, 2020 in the following fund:

<u>Fund Type/Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 570,593	\$ 690,409	\$ 119,816
<u>Special Revenue Fund:</u>			
Gasoline Tax Fund	95,028	109,076	14,048

The Township had appropriations, as approved by the Board of Trustees, in excess of estimated resources for the year ending December 31, 2021 in the following funds:

<u>Fund Type/Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 411,052	\$ 681,482	\$ 270,430
<u>Special Revenue Funds:</u>			
Gasoline Tax Fund	60,513	164,581	\$ 104,068
Road & Bridge Fund	133,925	218,962	85,037
Permissive Motor Vehicle License Tax Fund	11,973	21,973	10,000
Fire & Ambulance Fund	17,599	296,017	278,418

With appropriations exceeding estimated resources, the Township is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Township comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Township will continue to attempt to modify appropriations and amended certificates in an efficient and accurate manner.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-007
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Material Weakness/Noncompliance – Payroll Records

Ohio Admin. Code Section 117-2-02(D) provides all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Further, all local public offices should maintain or provide a report similar to the following accounting records:

- a. Payroll records including:
 - i. W-2’s, W-4’s and other withholding records and authorizations;
 - ii. Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments;
 - iii. Check register that includes, in numerical sequence, the check number, payee, net amount, and the date;
 - iv. Information regarding nonmonetary benefits such as car usage and life insurance; and,
 - v. Information, by employee, regarding leave balances and usage.

While the Township did maintain accounting records, regarding the payment of payroll, the Township lacked proper payroll records consisting of evidence of filing certain withholding and employer portion of payroll taxes. Additionally, the amounts for employee gross and withholdings, and net were only maintained on the check stubs, no summary of data was provided.

The Township failed to file and submit payment for certain Federal, State, School District and Local payroll withholdings and applicable employer portions for payroll paid.

Lack of filing and payments timely of certain payroll withholding and employer match payments could put the Township at risk for penalties and interest and additionally could lead to a more costly audit and increases the risk for misappropriations.

We recommend that the Township contact the applicable agencies and arrange to file and make payment or outstanding payroll tax withholdings and applicable employer match payments.

Client Response: The Fiscal Officer will work with the applicable agencies to file the late remittances. Additionally, the Township is beginning the process to utilize the UAN Payroll system. This is expected to take place in fall of 2022.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-008
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Material Weakness/Noncompliance – Federal Withholdings

26 US Code Sections 3102 and 3402 require the employing government to withhold federal and employment-related taxes (such as Medicare and Social Security) from each employee. Furthermore, these chapters hold employers liable for reporting and payment of these taxes.

The Township did not file nor submit timely Federal withholdings and applicable employer match reports and payments to the IRS for all of 2021 and 2020. Total estimated withheld but unremitted and unpaid is \$8,000 per year.

Lack of filing timely reports and taxes due to the IRS may result in additional fines and penalties.

We recommend that the Township contact the IRS and work to immediately submit all Federal withholdings/employer portions of taxes to the IRS in a timely fashion.

Client Response: The Fiscal Officer will work with the IRS and a CPA firm (if necessary) to resolve any discrepancies and expects to have all filings and remittances resolved in fall of 2022. Additionally, the Township is beginning the process to utilize the UAN Payroll system.

Finding Number	2021-009
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Material Weakness/Noncompliance – Purchase Orders

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

Certain examined disbursements were either, not certified in a timely manner, or the purchase order was not signed/certified, or purchase orders were unable to be located/provided for the years ended December 31, 2021 and 2020, respectively.

Without timely certification, the Township may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Township may also use “Then & Now” certification to approve a purchase order, when applicable.

Client Response: The Township should develop additional procedures to help ensure purchases are authorized through timely and appropriate purchase orders.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-010
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Material Weakness/Noncompliance – Other Withholdings

Ohio Revised Code Section 5747.06 requires every employer, including political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to any employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee’s compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee’s adjusted gross income during the calendar year.

Ohio Revised Code Section 5747.07(B) provides that, with certain exceptions, every employer is required to deduct and withhold any amount under Ohio Revised Code Section 5747.06 shall file a return and shall pay the amount required by law in accordance with guidelines provided by this section.

The Township did not remit all required State, School District, or Local income tax withholdings to the required agencies for all of 2021 and 2020. Total estimated unremitted and unpaid for both years is estimated at \$2,300 for Ohio withholdings and \$700 for School District withholdings.

Lack of filing timely reports and taxes due to the applicable agencies may result in additional fines and penalties.

We recommend that the Township immediately contact the agencies delinquent and submit/remit any filings/payments due for employee withholding taxes.

Client Response: The Fiscal Officer is actively working with the local agencies and will work with a CPA firm (if necessary) to resolve any discrepancies and expects to have all filings and remittances resolved in fall of 2022. Additionally, the Township is beginning the process to utilize the UAN Payroll system.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-011
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Material Weakness/Noncompliance

Ohio Sunshine Laws governed by certain Ohio Revised Code Sections in part require the following:

- (1) Ohio Revised Code Section 149.43(B)(2) requires the Township to have a copy of its current records retention schedule at a location readily available to the public.
- (2) Ohio Revised Code Section 149.43(E)(2) requires the acknowledgement of the public record policy by the records custodian.
- (3) Ohio Revised Code Section 149.43(E)(2) requires the Township to create a poster describing their public records policy and shall post it in a conspicuous place in all public locations of that office.
- (4) Ohio Revised Code Section 149.42 requires the appropriate records commission to review the schedules of records retention and disposition, as well as any applications for one-time disposal of obsolete records. This commission shall meet once every twelve months and upon the call of the chairperson.

We noted the following conditions:

- (1) The Township was unable to provide evidence of its current records retention schedule at a location readily available to the public.
- (2) The Township was unable to provide a public records policy, thus it could not be acknowledged by the records custodian.
- (3) The Township did not have a poster that described their public records policy posted in a conspicuous location in their public office.
- (4) The Township was unable to provide evidence that the appropriate records commission reviewed the schedules of records retention and disposition, as well as any applications for the one-time disposal of obsolete records nor that this commission met every twelve months and upon the call of the chairperson.

The effect of the above conditions is as follows:

- (1) By not maintaining a current records retention schedule at a location readily available to the public, the Township risks prematurely disposing essential documents.
- (2) By not having a public records policy that is acknowledged by the custodian of the public records, the Township could risk not properly completing a request or informing the public of the appropriation information regarding its public records
- (3) By not posting a poster of the public records policy, the community could not be aware of the Township's policy.
- (4) By not maintaining an appropriate records commission that reviews the schedules of records retention and disposition, as well as any applications for the one-time disposal of obsolete records and meets once every twelve months and upon the call of the chairperson, the Township risks prematurely disposing of essential documents.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-011 – (continued)
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We recommend the following:

- (1) We recommend the Township maintain a current records retention schedule at a location readily available to the public, to assist the public in knowing what records are available and or when they are expected to be submitted for proper disposal.
- (2) We recommend the Township clearly identify its public records custodian and have them review and acknowledge the policy by signing a copy and maintaining it in their personnel file.
- (3) We recommend the Township create a poster of the adopted public records policy to display in the Township office.
- (4) We recommend that a public records commission be established and meet regularly as prescribed in the Ohio Revised Code to assist in proper disposal of applicable records.

Client Response: The Fiscal Officer will review the public record laws and work in 2022 to ensure the Township meets all the requirements.

Finding Number	2021-012
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Material Weakness – Service Organization

When designing the public office’s system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management’s policies.
- Ensure that accounting records are properly designed
- Ensure adequate security of assets and records
- Plan for adequate segregation of duties or compensating controls
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records
- Perform analytical procedures to determine the reasonableness of financial data
- Ensure the collection and compilation of that data needed for the timely preparation of financial statements
- Monitor activities performed by service organizations.

The Township has delegated ambulance service billing processing, which is a significant accounting function to a third-party administrator (Medicount Management, Inc.). SSAE No. 16 requires service organizations to have a report conducted in accordance with American Institute of Certified Public Accountants’ (AICPA) standards by a firm registered and considered in “good standing” with the Accountancy Board of the respective state.

Medicount Management, Inc. does have the SSAE No. 16 report, however the Township did not review the report. Furthermore, the Township has not implemented internal controls to monitor the ambulance service billing process.

Lack of internal controls over EMS receipts could result in missing receipts or recording receipts that are not due to the Township.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-012 – (continued)
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The Township should implement internal control measures to monitor the ambulance service billing process. The Township should receive or request monthly EMS billing reports from Medicount Management, Inc, and document supervisory review of these monthly reports. To improve internal controls, we recommend that the Township document their review of the monthly billing reports received from Medicount Management, Inc.. The monthly billing reports should be marked with the reviewer’s initials (or signature) and the date. The monthly billing reports should also be compared to the EMS run sheets or run logs to ensure they are accurate and complete. Additionally, the Township should reconcile to the receipts received and posted by the Township and report to Medicount Management, Inc. as received to ensure all revenue is reported correctly by Medicount on the monthly reports.

Client Response: The Township Fiscal Officer will work to develop internal controls over the EMS receipts and request and review annual SSAE No. 16 reports.

Finding Number	2021-013
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Material Weakness - Cash Reconciliations

Bank reconciliations are a critical internal control for any entity. Timely bank reconciliations are to be formed shortly after each month end. During this process any long outstanding reconciling items (outstanding checks and outstanding deposits in transit) should be reviewed. Additionally, reconciliations and all supporting documents should be presented to the governing board for review and approval. A reconciliation is a monitoring control that ensures accountability for all expenditures and payments.

At December 31, 2021, the Township’s outstanding checks included checks still outstanding that date back to 1999 and total \$22,970 and outstanding deposits in transit still outstanding that date back to 2015 and total \$22,206. At December 31, 2020, the Township’s outstanding checks included checks still outstanding that date back to 1999 and total \$22,731 and outstanding deposits in transit still outstanding that date back to 2015 and total \$22,206. In addition, there’s no policy or procedures to address older outstanding checks or deposits in transit. Furthermore, reconciliations were often not posted/performed until a year or more after month end.

The lack of timely, clear, and concise completed bank reconciliations could lead to errors existing in receipts, disbursements, and fund balances. The lack of review by the governing board of completed bank reconciliations could lead to the governing board making decisions based on over or under inflated numbers.

We recommend the Township develop internal controls over the monthly bank reconciliation process. These internal controls could consist of an outstanding check policy, and required timely review by the governing board of the completed reconciliation and all supporting documentation. This policy should include a deadline when the monthly reconciliation should be completed and presented for review. These policies would greatly enforce the checks and balances necessary for strong controls over cash. We recommend review and approval of the monthly bank reconciliations be evidenced by signatures on the bank reconciliation by a majority of the governing board members.

Client Response: The Fiscal Officer will investigate all long outstanding items in 2022 and properly dispose of them with Trustee approval if applicable.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-014
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Noncompliance

Subdivision treasurers must complete annual continuing education programs provided by the Treasurer of State (TOS). The TOS issues certificates indicating that the treasurer has successfully completed the continuing education program.

The continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State, certified by the Treasurer of State (and confirmable through the TOS searchable database weblink below) that the treasurer is not subject to the continuing education requirements because the treasurer invests or deposits public funds in the following investments only (Ohio Rev. Code § 135.22):

- (1) Interim deposits pursuant to Ohio Rev. Code §§ 135.14(B)(3) or 135.145 (CDAR and similar programs);
- (2) STAR Ohio pursuant to Ohio Rev. Code § 135.14(B)(6);
- (3) No-load money market mutual funds pursuant to Ohio Rev. Code § 135.14 (B)(5)

Because the Township only has interim deposits they are not required to take the TOS required training course. However, an exemption should be filed with the AOS.

During testing of compliance, it was noted that the Fiscal Officer had not filed CPIM training exemptions with the Auditor of State for 2021 and 2020. We recommend that the Fiscal Officer annually obtain the required training or provide a notice of exemption to the AOS so long as they are not required to take the investment training.

Client Response: The Fiscal Officer will obtain the required training in 2022 or apply for an exemption certificate.

Finding Number	2021-015
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Material Weakness – Disbursements

When designing the public office’s system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management’s policies.
- Ensure that accounting records are properly designed
- Ensure adequate security of assets and records
- Plan for adequate segregation of duties or compensating controls
- Perform analytical procedures to determine the reasonableness of financial data
- Ensure the collection and compilation of that data needed for the timely preparation of financial statements
- Payments should be absent of any late penalties or interest accrued due to late payments
- Records should include all support for the payment secured to the voucher and organized in a chronological order

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-015 – (continued)
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Late Fees, Penalties, and Interest Paid:

Public funds were used to pay late fees and sales tax. The Township is a tax-exempt organization. During 2020, the Township paid sales tax on examined purchases in the amount of \$1,572. \$1,507 was credited back to the Township account with the vendor in 2022 and \$65 was returned to the Township from the other vendor. Further, the Township paid \$902 in late penalties to the Bureau of Workers’ Compensation, while the Township is currently disputing this penalty, the Fiscal Officer has reimbursed the Township in this amount in 2022. Additionally, the Township paid \$293 in penalties and interest to Ohio Public Employers Retirement System for late filings and submission of withholding payments. The Township Fiscal Officer has reimbursed the Township in this amount in 2022.

Detailed Receipts for Credit Card Payments:

The Township was unable to provide detailed receipts for 2021 and 2020 in the combined amount of \$3,527 for charges on the Township credit cards. The Township’s credit card policy, while not compliant with House Bill 312, requires prior approval of the Board of Trustees, and completed Vendor’s slips, of which none were provided for any of the credit card charges.

Disbursements:

The Township disbursements were not maintained in an orderly fashion (ie. check order number) and certain disbursements lacked supporting invoices upon initial review.

Improper use of funds (late fees, penalties, and interest paid) was not detected in a timely manner by the Township’s internal control structure and represents a material weakness in the Township’s internal control environment which caused misuse of Township monies. Lack of original supporting documentation and documentation in an orderly fashion caused the audit to extend past the original due date.

To ensure public monies are used for the purposes for which they were raised, Township management should review the Ohio Revised Code and perform a more detailed review of purchases before they are made. Professional services should be sought out if financial management is unsure of a financial decision. We further recommend the Township develop internal controls to ensure all payments are presented and approved with original supporting documentation. Disbursements should be organized in chronological order with notations of any missing items and the reason for the item missing.

Client Response: The Township Fiscal Officer will develop a more thorough and organized system for disbursements and review items closer prior to payment to ensure no sales tax is paid.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-016
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Material Weakness/Noncompliance – Receipts

When designing the public office’s system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management’s policies.
- Ensure that accounting records are properly designed
- Ensure adequate security of assets and records
- Plan for adequate segregation of duties or compensating controls
- Perform analytical procedures to determine the reasonableness of financial data
- Ensure the collection and compilation of that data needed for the timely preparation of financial statements
- Receipts should include all supporting documentation to provide additional information for any receipts deposited
- Receipts should include indication of when received and when deposited to ensure timely deposit of funds

Ohio Revised Code Section 9.38 details the requirements for the deposits of public money. Public money must be deposited with the Fiscal Officer or to a designated depository on the business day following the day of receipt. Public money must be deposited by the first business day following the date of receipt. If the amount of the daily receipt does not exceed \$1,000 and the receipts can be safeguarded, the Township may adopt a policy by the governing board permitting those that receive this money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it.

The Township receipts were not maintained in an orderly fashion (ie. numeric order) and certain receipts lacked supporting documentation upon initial review. Further more there was either no indication of when the receipt was received by the Township to determine if funds were deposited timely or receipts were not deposited timely.

Lack of original supporting documentation and documentation in an orderly fashion caused the audit to extend past the original due date. Lack of a detailed system to track all receipts and ensure monies received are deposited timely and posted to the proper fund and receipt code could cause misuse of Township monies.

To ensure proper receipt of public monies, Township management should review the Ohio Revised Code and consider additional internal procedures to help ensure deposits maintain all supporting information and are timely deposited. If a delay in deposit is common, the Township should develop a detailed policy to permit such delay and the requirements of the safe keeping of the deposits until moneys are deposited in the bank. We further recommend the Township develop internal controls to ensure all receipts and supporting documentation is maintained in an organized fashion.

Client Response: The Township Fiscal Officer will develop a more through and organized system for receipts and make deposits more frequently.

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-001	2007	<u>Material Weakness – Financial Reporting:</u> Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate. Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Township’s internal controls over financial reporting.	Not Corrected	Repeated as Finding 2021-001
2019-002	2013	<u>Material Weakness – Non-Compliance:</u> The Township’s Fiscal Officer did not certify the availability of funds prior to making commitments during 2018 for 31% of disbursements tested and during 2019 for 34% of disbursement tested in noncompliance with Ohio Revised Code Section 5705.41(D). Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.	Not Corrected	Repeated as Finding 2021-009
2019-003	2017	<u>Significant Deficiency – Internal Controls Related to Service Organization:</u> The Township has delegated ambulance service billing processing, which is a significant accounting function to a third-party administrator (Medicount). The Township has not implemented internal controls to monitor the ambulance service billing process.	Not Corrected	Repeated as Finding 2021-012
2019-004	2017	<u>Significant Deficiency – Internal Controls Related to Disbursements:</u> Public funds were used to pay late fees and other fees. This improper use of funds was not detected in a timely manner by the Township’s control structure and represents a significant deficiency in the control environment. Late fees were noted to be paid during the course of the audit which was not prevented or detected by the Township’s internal controls over financial reporting.	Not Corrected	Repeated as Finding 2021-015
2019-005	2017	<u>Noncompliance:</u> Ohio Revised Code 5705.10 states that money paid into a fund shall only be used for the purposes for which the fund is established. The Township had several invoices that were paid late during the audit period. These late payments resulted in the Township incurring late charges which is deemed an improper use of public funds.	Not Corrected	Repeated as Finding 2021-004
2019-006	2017	<u>Significant Deficiency – Internal Controls Related to Cash Reconciliations:</u> At December 31, 2019, the Township’s outstanding check included checks dating back to 1999. In addition, there’s no policy or procedures to address older outstanding checks.	Not Corrected	Repeated as Finding 2021-013

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY, OHIO**

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

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-007	2017	<u>Noncompliance:</u> At December 31, 2018, appropriations exceeded estimated resources in noncompliance with Ohio Revised Code 5705.39; At December 31, 2019, appropriations exceeded estimated resources	Not Corrected	Repeated as Finding 2021-006
2019-008	2019	<u>Noncompliance:</u> At December 31, 2018, the Township had expenditures that exceeded appropriations in noncompliance with Ohio Revised Code Section 5705.41(B).	Fully Corrected	N/A
2019-009	2017	<u>Noncompliance:</u> The Township was unable to provide 941 quarterly reports for the 2018 and 2019 fiscal years. Due to the lack of supporting documentation related to federal taxes we were not able to determine if proper payments were remitted to the federal reporting agency by the Township during the 2018 and 2019 fiscal years. During 2019 federal taxes were withheld from employees' and elected official's wages. However, there was no indication or documentation that the amounts withheld were remitted.	Not Corrected	Repeated as Finding 2021-008
2019-010	2017	<u>Noncompliance:</u> The Township did not adopt a Public records policy in noncompliance with Ohio Revised Code Section 149.43.	Not Corrected	Repeated as Finding 2021-011
2019-011	2017	<u>Noncompliance:</u> The Fiscal Officer had not filed CPIM training exemptions with the Auditor of State for current audit period.	Not Corrected	Repeated as Finding 2021-014
2019-012	2017	<u>Noncompliance:</u> During 2019 state income taxes were withheld from employees' and elected official's wages. However, there was no indication or documentation that the amounts withheld were remitted.	Not Corrected	Repeated as Finding 2021-010

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OHIO AUDITOR OF STATE KEITH FABER



PICKAWAY TOWNSHIP

PICKAWAY 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 11/10/2022

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