



**PIERPONT TOWNSHIP  
ASHTABULA COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

313 Second St.  
Marietta, OH 45750  
740 373 0056

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

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

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

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

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OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Pierpont Township  
1109 State Route 7  
Pierpont, Ohio 44082

We have reviewed the *Independent Auditor's Report* of Pierpont Township, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 22, 2022

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PIERPONT TOWNSHIP  
ASHTABULA COUNTY

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## INDEPENDENT AUDITOR'S REPORT

December 31, 2021

Pierpont Township  
Ashtabula County  
1109 State Route 7  
Pierpont, Ohio 44082

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Pierpont Township, Ashtabula County, Ohio (the Township).

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

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

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

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

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 12 to the financial statements, during 2020, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. In addition, as discussed in Note 13 and 12 to the financial statements for 2020 and 2019 respectively, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding these matters.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 58,226	\$ 180,748	\$ -	\$ 238,974
Licenses, Permits and Fees	485	6,629	-	7,114
Intergovernmental	27,515	227,090	600,000	854,605
Special Assessments	-	2,022	-	2,022
Earnings on Investments	203	217	2,055	2,475
Miscellaneous	7,928	900	-	8,828
<i>Total Cash Receipts</i>	<u>94,357</u>	<u>417,606</u>	<u>602,055</u>	<u>1,114,018</u>
<b>Cash Disbursements</b>				
Current:				
General Government	75,036	57,334	-	132,370
Public Safety	-	68,284	-	68,284
Public Works	201	157,356	-	157,557
Health	16,892	4,380	-	21,272
Capital Outlay	-	-	15,244	15,244
Debt Service:				
Principal Retirement	-	56,582	-	56,582
Interest and Fiscal Charges	-	5,333	-	5,333
<i>Total Cash Disbursements</i>	<u>92,129</u>	<u>349,269</u>	<u>15,244</u>	<u>456,642</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,228</u>	<u>68,337</u>	<u>586,811</u>	<u>657,376</u>
Special Item	517	-	-	517
<i>Net Change in Fund Cash Balances</i>	2,745	68,337	586,811	657,893
<i>Fund Cash Balances, January 1</i>	<u>56,998</u>	<u>157,793</u>	<u>652,540</u>	<u>867,331</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 59,743</u>	<u>\$ 226,130</u>	<u>\$ 1,239,351</u>	<u>\$ 1,525,224</u>

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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Private Purpose Trust	Other Custodial	Totals (Memorandum Only)
<b>Additions</b>			
Other Amounts Collected for Distribution	\$ -	\$ 12,120	\$ 12,120
<i>Total Additions</i>	-	12,120	12,120
<b>Deductions</b>			
Other Distributions	-	12,120	12,120
<i>Total Deductions</i>	-	12,120	12,120
Net Change in Fund Balances	-	-	-
<i>Fund Cash Balances, January 1</i>	3,164	-	3,164
<i>Fund Cash Balances, December 31</i>	\$ 3,164	\$ -	\$ 3,164

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

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

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

***Public Entity Risk Pool***

The Township participates in a public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to the Ohio Local Governments. Note 7 to the financial statements provide additional information for these entities.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***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.

***Road and Bridge Fund*** The road and bridge fund accounts for and reports all disbursements committed to roads, including improvements, paving, snow removal, salt/sand, gravel blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle, equipment, and maintenance. This fund is used for construction of new and future facilities

***Permissive Motor Vehicle License Tax Fund*** This fund receives fees restricted for maintenance and repair of roads within the Township.

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Fund Accounting (Continued)***

***Horner's Forest Fund*** This fund accounts for the receipts and disbursements of monies received and spent regarding the Horner's property deeded to the Township with deed restrictions. The property is to be used for a public purpose.

***Coronavirus Relief Fund*** This fund was created in 2020 to account for receipts and disbursements of Coronavirus Relief funding received by the Ashtabula County Auditor.

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

***Pierpont Sanitary Sewer Project Fund*** The township was awarded funds from the State of Ohio Environmental Protection Agency (OEPA) for the purpose of constructing a sanitary sewer system. The proceeds are restricted for capital improvement.

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

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

The Township had the following significant Trust Funds:

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

***Custodial Fund*** (Fire Loss Proceeds) This fund is purely custodial in nature and is used to report fiduciary activity that is not required to be reported in a trust fund. The township's custodial fund account was created for the purpose of accounting for monies received pursuant to ORC 3929.86, adopted by the Trustees in Resolution No. 2018-4.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Budgetary Process (Continued)***

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

**Fund Balance (Continued)**

**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.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Coronavirus Relief fund by \$4,471.

**Note 4 – Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 84,418	\$ 94,874	\$ 10,456
Special Revenue	391,779	417,606	25,827
Capital Projects	750,000	602,055	(147,945)
Total	\$ 1,226,197	\$ 1,114,535	\$ (111,662)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 112,770	\$ 95,409	\$ 17,361
Special Revenue	396,832	349,269	47,563
Capital Projects	600,000	15,244	584,756
Total	\$ 1,109,602	\$ 459,922	\$ 649,680

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Deposits**

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

	<u>2020</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$ 1,525,287
Certificates of deposit	2,600
Savings	501
Total deposits	<u>\$ 1,528,388</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, 2020, the Township is holding \$2,052 in unremitted employee payroll withholdings.

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

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

**Note 7 – Risk Management**

***Workers' Compensation***

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



**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Risk Pool Membership***

The Township is a member of the Ohio Township Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. 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 actuarially-measured liabilities and the assets 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 System***

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

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

**Note 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 member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Pierpont Township**  
*Ashtabula 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:

	Principal	Interest Rate
2018 Kolbelco Excavator	\$ 80,828	4.00%
Total	\$ 80,828	

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

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

**Amortization**

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

Year Ending December 31:	2018 Kolbelco Excavator
2021	\$ 29,148
2022	29,148
2023	29,148
Total	\$ 87,444

**Note 11 – Fund Balances**

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	Capital Projects	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ -	\$ -
Outstanding Encumbrances	3,280	-	-	3,280
Total	\$ 3,280	\$ -	\$ -	\$ 3,280

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

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Change in Accounting Principal**

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.

**Note 13 – COVID-19**

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

During 2020, the Township received CARES Act funding. Of the amounts received, a portion was spent on purchasing PPE for employees, sanitizing equipment, items to facilitate social distancing (i.e. tables, scanner to allow PDF documents to be sent via email) and the remaining amount was spent on the renovation of a new, larger township hall building. The new area is larger and will allow for social distancing, has a new HVAC system to allow air to circulate and will allow for separate offices for the trustees and the fiscal officer. These amounts are reflected a general government expenditure in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund the accompanying financial statements.

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 56,412	\$ 171,145	\$ -	\$ 227,557
Licenses, Permits and Fees	1,026	2,976	-	4,002
Intergovernmental	21,421	125,401	750,000	896,822
Special Assessments	-	1,646	-	1,646
Earnings on Investments	1,154	597	2,121	3,872
Miscellaneous	4,937	51,056	-	55,993
<i>Total Cash Receipts</i>	<u>84,950</u>	<u>352,821</u>	<u>752,121</u>	<u>1,189,892</u>
<b>Cash Disbursements</b>				
Current:				
General Government	60,225	-	-	60,225
Public Safety	-	68,551	-	68,551
Public Works	-	131,462	-	131,462
Health	17,070	2,287	-	19,357
Human Services	-	783	-	783
Improvement of Sites	-	855	-	855
Capital Outlay	-	5,500	99,581	105,081
Debt Service:				
Principal Retirement	-	54,589	-	54,589
Interest and Fiscal Charges	-	7,326	-	7,326
<i>Total Cash Disbursements</i>	<u>77,295</u>	<u>271,353</u>	<u>99,581</u>	<u>448,229</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,655</u>	<u>81,468</u>	<u>652,540</u>	<u>741,663</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	255	-	-	255
<i>Total Other Financing Receipts (Disbursements)</i>	<u>255</u>	<u>-</u>	<u>-</u>	<u>255</u>
<i>Net Change in Fund Cash Balances</i>	7,910	81,468	652,540	741,918
<i>Fund Cash Balances, January 1</i>	<u>49,088</u>	<u>76,325</u>	<u>-</u>	<u>125,413</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	157,793	652,540	810,333
Assigned	11,323	-	-	11,323
Unassigned	45,675	-	-	45,675
<i>Fund Cash Balances, December 31</i>	<u>\$ 56,998</u>	<u>\$ 157,793</u>	<u>\$ 652,540</u>	<u>\$ 867,331</u>

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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Interest	\$ 1
Earnings on Investments (trust funds only)	7
<i>Total Operating Cash Receipts</i>	<u>8</u>
<b>Operating Cash Disbursements</b>	
<i>Total Operating Cash Disbursements</i>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	8
<i>Fund Cash Balances, January 1</i>	<u>3,156</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 3,164</u></u>

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

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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

***Public Entity Risk Pool***

The Township participates in a public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to the Ohio Local Governments. Note 7 to the financial statements provide additional information for these entities.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***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.

***Road and Bridge Fund*** The road and bridge fund accounts for and reports all disbursements committed to roads, including improvements, paving, snow removal, salt/sand, gravel blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle, equipment, and maintenance. This fund is used for construction of new and future facilities.

***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.

***Permissive Motor Vehicle Fund*** This fund receives fees restricted for maintenance and repair of roads within the Township.

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Fund Accounting (Continued)***

***Horner's Forest Fund*** This fund accounts for the receipts and disbursements of monies received and spend regarding the Horner's property deeded to the Township with deed restrictions. The property is to be used for a public for a public purpose.

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

***Pierpont Sanitary Sewer Project Fund*** The township received a grant from the state for capital improvements to construct a sanitary sewer plant. The proceeds are restricted for capital improvement.

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

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

The Township had the following significant Trust Fund:

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

**Pierpont Township**  
Ashtabula County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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

***Budgetary Process (Continued)***

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township's accounting basis includes investment 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 receipt 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.

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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



**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Fund Balance (Continued)***

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Pierpont Sanitary Sewer Project fund by \$99,581 and the Horner’s Forest Fund by \$855 for the year ended December 31, 2019.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 75,400	\$ 85,205	\$ 9,805
Special Revenue	273,196	352,821	79,625
Capital Projects	750,000	752,121	2,121
Trust	25	8	(17)
Total	\$ 1,098,621	\$ 1,190,155	\$ 91,534

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,000	\$ 78,142	\$ 21,858
Special Revenue	293,000	272,849	20,151
Capital Projects	-	99,581	(99,581)
Trust	50	-	50
Total	\$ 393,050	\$ 450,572	\$ (57,522)

**Note 5 – Deposits**

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

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 5 – Deposits and Investments (Continued)**

	<u>2019</u>
Demand deposits	\$ 867,394
Certificates of deposit	2,600
Savings	<u>501</u>
Total deposits	<u><u>\$ 870,495</u></u>

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.

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 7 – Risk Management**

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

The Township insures against injuries to employees through the Ohio Bureau of Workers Compensation.

***Workers' Compensation***

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

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Risk Pool Membership***

The Township is a member of the Ohio Township Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. 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 actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 35,207,320
Actuarial liabilities	\$ 10,519,942

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Pierpont Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
2016 Tandem Truck	\$ 31,704	2.00%
2018 Kolbelco Excavator	105,706	4.00%
Total	\$ 137,410	

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

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

***Amortization***

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

Year Ending December 31:	2016 Tandem Truck	2018 Kolbelco Excavator
2020	\$32,766	\$29,148
2021	-	29,148
2022	-	29,148
2023	-	29,148
Total	\$32,766	\$116,594

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. 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 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

December 31, 2021

Pierpont Township  
Ashtabula County  
1109 State Route 7  
Pierpont, Ohio 44082

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the years ended December 31, 2020 and 2019, and the related notes of Pierpont Township, Ashtabula County, (the Township) and have issued our report thereon dated December 31, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Township adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and removed the fund balance classifications for governmental funds. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weakness or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider to be material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2020-003.

***Purpose of this Report***

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



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

PIERPONT TOWNSHIP  
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Township's annual financial report were noted:

- The Township improperly classified the General Fund balance in 2019. Beginning 2020 appropriations exceeded 2020 estimated receipts in the General Fund. Therefore, this amount should be classified as Assigned (no longer required as of Fiscal Year 2020);
- A miscellaneous receipt was incorrectly posted to the General Fund instead of the Horner's Forest Fund in 2019;
- Debt payments were incorrectly classified under Interest in the Road and Bridge Fund in 2019;
- Debt footnotes were incorrectly reported in 2019 and 2020; and
- In 2020, Other Adjusting Factors were included in the bank reconciliation totaling \$2,589.21, due to items being incorrectly posted to the accounting system, and not presented properly on the financial statements.

Not posting receipts or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjustments. The Financial Statements reflect all reclassifications and adjustments. The Township has posted all adjustments to its accounting system.

We also updated the notes to the financial statements for omitted information and to agree to financial statement amounts.

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

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response** – We did not receive a response from Officials to this finding.

PIERPONT TOWNSHIP  
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-002

Material Weakness

Fund Type Classification

Fund types should be properly classified based on Governmental Accounting Standards Board Statement (GASB) No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 84: *Fiduciary Activities*.

In 2019 fund 9751 – Private Purpose Trust (for cemetery maintenance on specific graves) was included in the special revenue fund type. Since these funds are restricted to specific gravesites and cannot be used for general maintenance purposes, this fund should have been reported as a fiduciary fund. The 2019 financial statements reflect the adjustments needed to present this fund as a fiduciary fund type. This fund was properly reflected in the 2020 financial statements.

In 2019 fund 9752 – Private Purpose Trust (Horner's) was included in the General Fund. In 2020 this fund was classified as a fiduciary fund. This fund accounts for receipts and disbursements of monies received and spent regarding the Horner's property deeded to the Township with deed restrictions. These restrictions include the following:

1. The property shall be perpetuated as a native forest preserve for the use, benefit and enjoyment of the general public. In maintaining the property as a forest preserve, however, the Trustees shall not, unless they so desire, be obligated to expend general revenue funds for this purpose.
2. The native forest now growing upon the premises is to be preserved under a "sustained yield management program" supervised by the State Forester from the Ohio Department of Natural Resources, Columbus, Ohio.
3. All income received from the sale of forest products severed from the premises shall be kept in a separate account designated as the "Horner Forest Account" in the Township Books. The income therefrom shall be used exclusively for expenditures connected with the preservation and betterment of the forest such as herbicide treatments for timber stand improvement, purchase of slag or limestone for roads through the property and any other purposes the Grantees may deem beneficial to the premises.

The fund received several payments for timber cutting in 2019 and 2020 which were included as revenue in this fund. GASB 54 defines special revenue funds as funds that are used to 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 term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. (GASB 54 ¶30 or GASB Cod. 1300.105). The Horner's fund does have a specific revenue source (timber sales) that is restricted to expenditure for specific purposes (maintenance of the forest preserve) and therefore should have been classified as a special revenue fund for both 2019 and 2020 and in the future. Adjustments were made to the financial statements to properly classify this fund for both years.



PIERPONT TOWNSHIP  
ASHTABULA COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-002 (Continued)

We recommend the Fiscal Officer review GASB's 54 and 84 to ensure funds are properly classified in the future for financial statement purposes. The Fiscal Officer should also refer to the Auditor of State Technical Bulletins 2011-004 and 2020-003 for information regarding GASB 54 and GASB 84, respectively. In addition, the fund number for the Horner's Forest Fund should be changed to a number that UAN recognizes as a special revenue fund (these funds are numbered beginning with a 2).

**Officials' Response** – We did not receive a response from Officials to this finding.

FINDING NUMBER 2020-003

**Noncompliance**

**Ohio Rev. Code Section 5705.41(B)** provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

During 2019, total expenditures exceeded appropriations in the Pierpont Township Sanitary Sewer Project fund by \$99,581 and the Horner's Forest Fund fund by \$855.

During 2020, total expenditures exceeded appropriations in the Coronavirus Relief Fund by \$4,471. Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources or transfers from other funds to cover cash shortages.

The Fiscal Officer and Trustees should monitor appropriations versus estimated resources to help avoid overspending. Officials should review the requirements of ORC section 5705 to be familiar with these laws and ensure the Village is complying with applicable sections.

In addition, the Township did not have a control procedure in place to ensure appropriations and estimated receipts, as authorized by Officials and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

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

**PIERPONT TOWNSHIP  
ASHTABULA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	Repeated as Finding 2020-001
2018-002	Ohio Revised Code Section 149.351(A)	Corrected	N/A
2018-003	Ohio Revised Code Section 5705.41(B)	Not Corrected	Repeated as Finding 2020-003
2018-004	Ohio Revised Code Section 5705.41 (D)	Not Corrected	Management Letter Comment

# OHIO AUDITOR OF STATE KEITH FABER



**PIERPONT TOWNSHIP**

**ASHTABULA 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 3/8/2022**

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](http://www.ohioauditor.gov)