



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**PIERPONT TOWNSHIP
ASHTABULA COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Pierpont Township
1109 St Rt 7
Pierpont, OH 44082

We have reviewed the *Independent Auditor's Report* of the Pierpont Township, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. 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. The 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

September 06, 2023

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PIERPONT TOWNSHIP
ASHTABULA COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Pierpont Township, Ashtabula County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, 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 and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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

June 23, 2023

**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, 2022**

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 59,767	\$ 215,624	\$ -	\$ 275,391
Licenses, Permits and Fees	555	5,935	-	6,490
Intergovernmental	20,898	214,354	-	235,252
Special Assessments	-	17,913	-	17,913
Earnings on Investments	243	107	1,227	1,577
Miscellaneous	6,607	737	-	7,344
<i>Total Cash Receipts</i>	<u>88,070</u>	<u>454,670</u>	<u>1,227</u>	<u>543,967</u>
Cash Disbursements				
Current:				
General Government	100,445	18,053	-	118,498
Public Safety	-	99,041	-	99,041
Public Works	-	235,525	-	235,525
Health	10,895	21,982	-	32,877
Human Services	-	317	-	317
Debt Service:				
Principal Retirement	-	40,345	-	40,345
Interest and Fiscal Charges	-	2,935	-	2,935
<i>Total Cash Disbursements</i>	<u>111,340</u>	<u>418,198</u>	<u>-</u>	<u>529,538</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,270)</u>	<u>36,472</u>	<u>1,227</u>	<u>14,429</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	16,853	-	16,853
Transfers Out	(16,853)	-	-	(16,853)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(16,853)</u>	<u>16,853</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(40,123)	53,325	1,227	14,429
<i>Fund Cash Balances, January 1</i>	<u>67,940</u>	<u>356,050</u>	<u>1,240,459</u>	<u>1,664,449</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 27,817</u>	<u>\$ 409,375</u>	<u>\$ 1,241,686</u>	<u>\$ 1,678,878</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, 2022**

	<u>Fiduciary Fund Types</u>
	Private Purpose Trust
Additions	
<i>Total Additions</i>	\$ -
Deductions	
<i>Total Deductions</i>	-
Net Change in Fund Balances	-
<i>Fund Cash Balances, January 1</i>	3,164
<i>Fund Cash Balances, December 31</i>	\$ 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, 2022

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Tax Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

Coronavirus Relief Fund This fund was created in 2020 to account for receipts and disbursements of Coronavirus Relief funding received from the Federal Government through the Ashtabula County Auditor.

Pierpont Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

American Rescue Plan Act Fund This fund was created in 2021 to account for receipts and disbursements of American Rescue Plan Act (ARPA) funds received from the Federal Government as coronavirus relief funding.

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 (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.

Pierpont Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 forward and need not be reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

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.

Pierpont Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 98,920	\$ 88,070	\$ (10,850)
Special Revenue	535,420	471,523	(63,897)
Capital Projects	2,500	1,227	(1,273)
Fiduciary	10	-	(10)
Total	\$ 636,850	\$ 560,820	\$ (76,030)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 166,048	\$ 128,232	\$ 37,816
Special Revenue	615,036	420,361	194,675
Capital Projects	1,000,000	-	1,000,000
Total	\$ 1,781,084	\$ 548,593	\$ 1,232,491

Pierpont Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

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

	<u>2022</u>
Demand deposits	\$ 1,678,940
Certificates of deposit	2,600
Other time deposits (savings and NOW accounts)	<u>502</u>
Total deposits and investments	<u>\$ 1,682,042</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, 2022, the Township is holding \$3,548 in 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.

Note 5 – Property Taxes

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

Public Utilities are also taxes 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 6 – 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, 2022

Note 6 – Risk Management (Continued)

Risk Pool Membership

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 – 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Pierpont Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – 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 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
2018 Kolbelco Excavator	\$ 28,016	4.00%
2011 Ford Dump Truck	13,415	1.90%
Total	\$ 41,431	

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

In 2021, the Township financed the purchase of a dump truck for Township road maintenance. The amount financed was \$26,831 with an interest rate of 1.90%. Payable in two annual payments, the first of which being due in 2022.

Amortization

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

Year Ending December 31:	2018 Kolbelco Excavator	2011 Ford Dump Truck
2023	\$ 29,148	\$ 14,131
Total	\$ 29,148	\$ 14,131

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	Total
Outstanding Encumbrances	\$ 39	\$ 2,163	\$ 2,202
Total	\$ 39	\$ 2,163	\$ 2,202

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects 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, 2022

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 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**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, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 60,650	\$ 219,333	\$ -	\$ 279,983
Licenses, Permits and Fees	1,209	9,194	-	10,403
Intergovernmental	21,770	230,390	-	252,160
Special Assessments	-	2,751	-	2,751
Earnings on Investments	198	116	1,108	1,422
Miscellaneous	41,826	1,632	-	43,458
<i>Total Cash Receipts</i>	<u>125,653</u>	<u>463,416</u>	<u>1,108</u>	<u>590,177</u>
Cash Disbursements				
Current:				
General Government	88,781	-	-	88,781
Public Safety	-	98,654	-	98,654
Public Works	2,593	198,696	-	201,289
Health	26,083	3,981	-	30,064
Other	-	1,196	-	1,196
Capital Outlay	-	36,831	-	36,831
Debt Service:				
Principal Retirement	-	25,883	-	25,883
Interest and Fiscal Charges	-	3,266	-	3,266
<i>Total Cash Disbursements</i>	<u>117,457</u>	<u>368,507</u>	<u>-</u>	<u>485,964</u>
<i>Excess of Receipts Over Disbursements</i>	<u>8,196</u>	<u>94,909</u>	<u>1,108</u>	<u>104,213</u>
Other Financing Receipts				
Other Debt Proceeds	-	26,831	-	26,831
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>26,831</u>	<u>-</u>	<u>26,831</u>
Extraordinary Item	-	8,180	-	8,180
<i>Net Change in Fund Cash Balances</i>	8,196	129,920	1,108	139,224
<i>Fund Cash Balances, January 1</i>	<u>59,744</u>	<u>226,130</u>	<u>1,239,351</u>	<u>1,525,225</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 67,940</u>	<u>\$ 356,050</u>	<u>\$ 1,240,459</u>	<u>\$ 1,664,449</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, 2021**

	Fiduciary Fund Types
	Private Purpose Trust
Additions	
<i>Total Additions</i>	\$ -
Deductions	
<i>Total Deductions</i>	-
Net Change in Fund Balances	-
<i>Fund Cash Balances, January 1</i>	3,164
<i>Fund Cash Balances, December 31</i>	\$ 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, 2021

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Tax Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

Coronavirus Relief Fund This fund was created in 2020 to account for receipts and disbursements of Coronavirus Relief funding received from the Federal Government through the Ashtabula County Auditor.

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

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.

American Rescue Plan Act Fund This fund was created in 2021 to account for receipts and disbursements of American Rescue Plan Act (ARPA) funds received from the Federal Government as coronavirus relief funding.

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 (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.

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

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 forward and not be reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

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.

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

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 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 94,350	\$ 125,653	\$ 31,303
Special Revenue	510,675	498,427	(12,248)
Capital Projects	-	1,108	1,108
Fiduciary	10	-	(10)
Total	\$ 605,035	\$ 625,188	\$ 20,153

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 135,491	\$ 121,272	\$ 14,219
Special Revenue	458,114	374,963	83,151
Total	\$ 593,605	\$ 496,235	\$ 97,370

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

Note 4 – Deposits and Investments

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

	<u>2021</u>
Demand deposits	\$ 1,664,511
Certificates of deposit	2,600
Other time deposits (savings and NOW accounts)	<u>502</u>
Total deposits and investments	<u>\$ 1,667,613</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, the Township is holding \$3,046 in 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.

Note 5 – Property Taxes

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

Public Utilities are also taxes 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 6 – 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, 2021

Note 6 – Risk Management (Continued)

Risk Pool Management

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 – Postemployment Benefits

OPERS offers 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.

Note 9 – 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.

Pierpont Township
Ashtabula 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:

	Principal	Interest Rate
2018 Kolbelco Excavator	\$ 54,945	4.00%
2011 Ford Dump Truck	26,831	1.90%
Total	\$ 81,776	

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

In 2021, the Township issued general obligation notes to finance the purchase of a 2011 Ford dump truck for the purpose of Township road maintenance. The note amount was \$26,831 with an interest rate of 1.9% payable in two annual payments.

Leases

In 2021, the Township entered into a 99-year lease agreement for real estate. The Township is the lessor and received the sum of \$30,000 for the entire lease payment.

Amortization

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

Year Ending December 31:	2018 Kolbelco Excavator	2011 Ford Dump Truck
2022	\$ 29,148	\$ 14,131
2023	29,148	14,131
Total	\$ 58,296	\$ 28,262

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	Total
Outstanding Encumbrances	\$ 3,815	\$ 6,456	\$ 10,271
Total	\$ 3,815	\$ 6,456	\$ 10,271

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects 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, 2021

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 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Pierpont Township, Ashtabula County, (the Township) and have issued our report thereon dated June 23, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Entity's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Entity'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 Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

June 23, 2023

**PIERPONT TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

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 posted homestead and rollback receipts to the General Fund instead of allocating the receipt amounts between the General, Road and Bridge, Fire Levy and AMB/EMS Levy Funds) in 2021 and 2022;
- The Township incorrectly posted Trustees' salaries to Gasoline Tax Fund Public Works line item instead of the General Fund General Government line item and Road and Bridge Public Works line item in 2021 and incorrectly posted Trustees' salaries to the Road and Bridge Fund Public Works line item instead of the General Fund General Government line item and the Cemetery Fund Health line item in 2022;
- The Township understated principal payments and overstated interest payments for the excavator loan in the Road and Bridge Fund in 2021;
- The Township incorrectly posted a disbursement as a Principal payment instead of Capital Outlay in the Road and Bridge Fund in 2021;
- The Township posted a receipt as General Fund Intergovernmental instead of Special Assessments in the Special Assessment Fund. The special assessment receipt was also posted at net instead of gross in 2022;
- The Township posted a receipt as Miscellaneous revenue in the General Fund instead of Intergovernmental revenue in 2022;
- The Township incorrectly posted a principal and interest payment for the Ford Dump Truck loan as Capital Outlay in the Gasoline Tax Fund in 2022.

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 the adjustments to its accounting system.

The following reclassifications were inconsequential to the overall financial statements of the Township for December 31, 2022 and 2021 and were not posted to the financial statements or ledgers:

- The Township posted a receipt as Miscellaneous revenue in the General Fund instead of a Sale of Capital Asset in 2021; and
- The Township posted a receipt as Miscellaneous revenue in the General Fund instead of Intergovernmental revenue in 2022.

PIERPONT TOWNSHIP
ASHTABULA COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001 (Continued)

Financial Reporting (Continued)

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 – More effort will be made in the future to properly classify revenue and expenses.

FINDING NUMBER 2022-002

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 2021 and 2022 fund 9752 – Private Purpose Trust (Horner's) 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.

PIERPONT TOWNSHIP
ASHTABULA COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-002 (Continued)

Fund Type Classification (Continued)

The fund receives several payments for timber cutting. 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 be classified as a special revenue fund for both 2021 and 2022 and in the future. Adjustments were made to the financial statements to properly classify this fund for both years.

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 – The Fiscal Officer will make an effort to consult with the auditor on fund creation in the future.

**PIERPONT TOWNSHIP
ASHTABULA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001
2020-002	Fund Type Classification	Not Corrected	Repeated as Finding 2022-002
2020-003	Ohio Revised Code Section 5705.41(B)	Corrected	N/A

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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 9/19/2023

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