

***MANCHESTER TOWNSHIP***

***MORGAN COUNTY, OHIO***

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**







65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Board of Trustees  
Manchester Township  
6465 North State Route 78  
McConnelsville, Ohio 43756

We have reviewed the *Independent Auditor's Report* of Manchester Township, Morgan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

December 06, 2024

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**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Manchester Township  
Morgan County  
6465 North State Route 78  
McConnelsville, OH 43756

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of Manchester Township, Morgan County, Ohio (the Township), which comprise the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the year ended December 31, 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 and fiduciary fund type as of and for the year ended December 31, 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, 2021, or the changes in financial position, thereof for the year 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

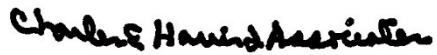
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 October 25, 2024, 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.



***Charles E. Harris & Associates, Inc.***  
October 25, 2024

**MANCHESTER TOWNSHIP  
MORGAN 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 11,755	\$ 12,115	\$ 23,870
Intergovernmental	10,572	145,066	155,638
Earnings On Investments	580	2,831	3,411
Miscellaneous	-	1,484	1,484
	<b>22,907</b>	<b>161,496</b>	<b>184,403</b>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
General Government	27,269	548	27,817
Public Safety	-	15,205	15,205
Public Works	-	94,175	94,175
Health	5	900	905
Conservation-Recreation	-	4,942	4,942
Capital Outlay	-	6,047	6,047
Debt Service:			
Principal Retirement	-	12,341	12,341
Interest and Fiscal Charges	-	1,891	1,891
	<b>27,274</b>	<b>136,049</b>	<b>163,323</b>
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	(4,367)	25,447	21,080
<i>Fund Cash Balances, January 1</i>	52,786	279,665	332,451
<b>Fund Cash Balances, December 31</b>	<b>\$ 48,419</b>	<b>\$ 305,112</b>	<b>\$ 353,531</b>

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

MANCHESTER TOWNSHIP  
MORGAN COUNTY

STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Private-Purpose Trust
<i>Fund Cash Balances, January 1</i>	<u>\$ 2,797</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 2,797</u></u>

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

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Manchester Township, Morgan 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, and fire protection services. The Township contracts with Reinersville Volunteer Fire Department to provide fire protection services.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. 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 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 Fund:

***Gasoline 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.

***Fiduciary Funds*** These funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Township's private purpose trust fund is for the benefit of certain individuals.

***Private-Purpose Trust Fund*** This fund is for the benefit of the Phyllis family grave sites at the Reinersville Cemetery.

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***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 Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

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

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

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

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.

***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.

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***Fund Balance (Continued)***

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**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	\$ 32,127	\$ 22,907	\$ (9,220)
Special Revenue	112,561	161,496	48,935
Private-Purpose Trust	50	-	(50)

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 67,955	\$ 36,074	\$ 31,881
Special Revenue	327,542	155,231	172,311
Private-Purpose Trust	2,827	-	2,827

Contrary to Ohio law, appropriations exceeded estimated resources in the Fire District Fund.

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits**

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

	<u>2021</u>
<b>Cash Management Pool:</b>	
Demand deposits	\$ 356,328

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 \$32,772 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 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 6 – Risk Management**

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

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

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 – Risk Management (Continued)**

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***

All 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 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Tractor and Boom Mower	\$ 44,937	3.5%

The Township issued a loan with KS State Bank in the amount of \$66,300 in April 2020 to finance the purchase of a tractor and boom mower for Township road maintenance. This loan is repaid monthly from the Gasoline Tax Fund. During 2021, advanced principal payments totaled \$1,965.



**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	Tractor and Boom Mower
2022	\$ 12,267
2023	12,267
2024	12,267
2025	12,267
2026	3,067
Total	<u>\$ 52,135</u>

**Note 10 – 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 facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Type	General	Special Revenue	Total
Outstanding Encumbrances	\$ 8,800	\$ 19,182	\$ 27,982

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds include outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 11 – 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 ended in April 2023. During 2021, the Township received no 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 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**

Manchester Township  
Morgan County  
6465 North State Route 78  
McConnelsville, OH 43756

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, the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type of Manchester Township, Morgan County, (the Township) as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2024, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001 and 2021-004 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2021-003 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2021-002, 2021-003, and 2021-005.

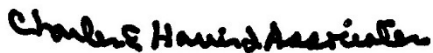
We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 25, 2024.

**Township's Responses to Findings**

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

**Purpose of this Report**

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.



**Charles E. Harris & Associates, Inc.**  
October 25, 2024

**INDEPENDENT AUDITOR'S REPORT**

Manchester Township  
Morgan County  
6465 North State Route 78  
McConnelsville, OH 43756

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 as of and for the year ended December 31, 2020 and related notes of Manchester Township, Morgan 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(C) 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.

***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(C), 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(C) 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 the respective changes in financial position thereof for the year 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 as of and for the year ended December 31, 2020 and related notes of Manchester Township, Morgan County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the Township made several changes to its reporting model. We did not modify our opinions regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, 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.



***Charles E. Harris & Associates, Inc.***  
October 25, 2024

**MANCHESTER TOWNSHIP  
MORGAN 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 17,272	\$ 15,604	\$ 32,876
Intergovernmental	9,639	154,473	164,112
Earnings On Investments	462	2,276	2,738
Miscellaneous	1,945	7,014	8,959
<i>Total Cash Receipts</i>	<u>29,318</u>	<u>179,367</u>	<u>208,685</u>
<b>Cash Disbursements</b>			
Current:			
General Government	19,178	2,123	21,301
Public Safety	-	19,269	19,269
Public Works	-	76,817	76,817
Health	-	846	846
Conservation-Recreation	-	1,186	1,186
Capital Outlay	-	75,907	75,907
Debt Service:			
Principal Retirement	-	9,022	9,022
Interest and Fiscal Charges	-	1,652	1,652
<i>Total Cash Disbursements</i>	<u>19,178</u>	<u>186,822</u>	<u>206,000</u>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	-	66,300	66,300
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>66,300</u>	<u>66,300</u>
<i>Net Change in Fund Cash Balances</i>	10,140	58,845	68,985
<i>Fund Cash Balances, January 1 (Restated, See Note 4)</i>	<u>42,646</u>	<u>220,820</u>	<u>263,466</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 52,786</u></u>	<u><u>\$ 279,665</u></u>	<u><u>\$ 332,451</u></u>

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

**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

**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
<i>Fund Cash Balances, January 1</i>	<u>\$ 2,797</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 2,797</u></u>

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

**Manchester Township**  
*Morgan 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 the Manchester Township, Morgan 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, and fire protection services. The Township contracts with Reinersville Volunteer Fire Department to provide fire protection services.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

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

***Basis of Presentation***

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

***Gasoline 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.

***Fiduciary Funds*** These funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Township's private purpose trust fund is for the benefit of certain individuals.

***Private-Purpose Trust Fund*** This fund is for the benefit of the Phyllis family grave sites at the Reinersville Cemetery.



**Manchester Township**  
*Morgan 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)**

***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 Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

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

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

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

A summary of 2020 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.

***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.

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Fund Balance (Continued)***

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

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

**Note 3 – Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 32,127	\$ 29,318	\$ (2,809)
Special Revenue	178,896	245,667	66,771
Private-Purpose Trust	35	-	(35)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 65,462	\$ 28,698	\$ 36,764
Special Revenue	390,278	207,104	183,174
Private-Purpose Trust	2,827	-	2,827

Contrary to Ohio law, appropriations exceeded estimated resources in the Motor Vehicle License, Gasoline Tax, and Cemetery Funds.

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 4 – Prior Period Restatement**

For year ended December 31, 2020, adjustments resulted in fund balance restatements.

Governmental Funds	Fund Balances at December 31, 2019	Restatement Amount	Fund Balances at January 1, 2020
General	\$ 34,574	\$ 8,072	\$ 42,646
Special Revenue	209,989	10,831	220,820

The restatement amount of \$18,903 represents the client made adjustments for prior period voided checks.

**Note 5 – Deposits**

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

	2020
<b>Cash Management Pool:</b>	
Demand deposits	\$ 335,248

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 \$26,141 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 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.

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 – Risk Management**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township'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>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$ 10,894,146

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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.

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Debt**

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

	Principal	Interest Rate
Tractor and Boom Mower	\$ 57,278	3.5%

The Township issued a loan with KS State Bank in the amount of \$66,300 in April 2020 to finance the purchase of a tractor and boom mower for Township road maintenance. This loan is repaid monthly from the Gasoline Tax Fund.

**Amortization**

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

Year Ending December 31:	Tractor and Boom Mower
2021	\$ 12,267
2022	12,267
2023	12,267
2024	12,267
2025	12,267
2026	3,067
Total	\$ 64,402

**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 facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Type	General	Special Revenue	Total
Outstanding Encumbrances	\$ 9,520	\$ 20,282	\$ 29,802

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds include outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, 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.

**Manchester Township**  
*Morgan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During 2020, the Township received \$15,230 in 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 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**

Manchester Township  
Morgan County  
6465 North State Route 78  
McConnelsville, OH 43756

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America 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 of Manchester Township, Morgan County, Ohio (the Township), as of and for the year ended December 31, 2020 and the related notes to the financial statements and have issued our report thereon dated October 25, 2024, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of several changes to its reporting model.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a 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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001 and 2021-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item 2021-003 to be a significant deficiency.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2021-002, 2021-003, and 2021-005.

We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 25, 2024.

### **Township's Responses to Findings**

The Township's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

### **Purpose of this Report**

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



**Charles E. Harris & Associates, Inc.**  
October 25, 2024



**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2021-001 - Material Weakness**

**Financial Reporting - Posting Receipts and Disbursements**

The Township should have procedures and controls in place to prevent and detect errors in financial reporting. During 2021 and 2020, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

For 2021

- A reclassification from Intergovernmental to Property and Other Local Taxes revenue in the Fire District Fund for \$2,395 to properly record property taxes.
- An adjustment from the Motor Vehicle License Tax Fund to Gasoline Tax Fund for \$12,257 to properly record a gasoline tax receipt.
- A reclassification from Property and Other Local Tax revenue to Intergovernmental revenue in the General Fund for \$2,134, Road and Bridge Fund for \$178, Cemetery Fund for \$154, Fire District Fund for \$931, and Special Levy Fund for \$466 to properly record rollbacks.
- A reclassification of a disbursement from Public Works to Capital Outlay in the Gasoline Tax Fund for \$6,047 for a capital outlay expenditure.
- An adjustment to correct the allocation of payroll expense in accordance with payroll certifications from the General Fund to the Gasoline Tax Fund for \$2,340.
- A reclassification of disbursements from Public Works and Conservation to Debt Service principal payment for \$12,341 and Debt Service interest payment for \$1,891.
- A reclassification from Other Financing Uses to General Government in the General Fund for \$1,103 to properly record general expenditures.

For 2020

- A reclassification from Charges for Services to Intergovernmental revenue in the Coronavirus Relief Fund for \$15,295 to properly record governmental receipts.
- A reclassification from Other Financing Sources to Miscellaneous revenue in the General Fund for \$1,850 to properly record miscellaneous receipts.
- A reclassification from Property and Other Local Tax revenue to Intergovernmental revenue in the General Fund for \$1,056, Road and Bridge Fund for \$90, Cemetery Fund for \$78, Fire District Fund for \$472, and Special Levy Fund for \$236 to properly record rollbacks.
- A reclassification of a disbursement from General Government to Capital Outlay in the Coronavirus Relief Fund for \$9,228 and from Conservation to Capital Outlay in the Special Levy Fund for \$379 for capital outlay expenditures.
- An adjustment to correct the allocation of payroll expense in accordance with payroll certifications from the General Fund to the Gasoline Tax Fund for \$5,460.
- A reclassification of disbursements from Public Works to Debt Service principal payment for \$9,021 and Debt Service interest payment for \$1,653.
- An entry to record a loan proceed and purchase of a tractor and boom mower in the Gasoline Tax Fund for \$66,300.

Not posting receipts and disbursements correctly resulted in the financial statements requiring reclassification and adjusting entries. The financial statements reflect all adjustments and reclassifications. The Township has made the adjustments to their accounting system.

**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING 2021-001 - Material Weakness (Continued)**

**Financial Reporting - Posting Receipts and Disbursements (Continued)**

Also, during 2021 and 2020 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

- Budgetary Activity
- Deposits and Investments
- Risk Management
- Postemployment Benefits
- Debt
- Public Entity Risk Pool
- Fund Balances
- Covid-19

We recommend the Fiscal Officer refer to the Ohio Township Handbook, Uniform Accounting Network (UAN) Manual and Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Township use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

**Management's Response** – See Corrective Action Plan.

**FINDING 2021-002 – Noncompliance**

**Payroll Taxes**

26 U.S.C. Section 3404 provides if the employer is in the United States, or a state, or political subdivision thereof, or the District of Columbia, or any agency instrumentality of any one or more of the foregoing, the return of the amount deducted and withheld upon any wages may be made by any officer or employee of the United States, or of such state, or political subdivision, or the District of Columbia, or of such agency or instrumentality, as the case may be, having control of the payment of such wages, or appropriately designated for that purpose.

Ohio Revised Code Section 5747.06 (A) requires, in part, that every employer, including the state and its political subdivisions, shall deduct and withhold from compensation, state income tax paid to each employee for each pay period.

Ohio Revised Code Section 5747.13 (A) states, in part, if any employer collects the tax imposed by Section 5747.02 and fails to remit the tax as required by law, or fail to collect the tax, the employer is personally liable for any amount collected that the employer fails to remit, or any amount that the employer fails to collect.

**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**FINDING 2021-002 – Noncompliance (Continued)**

**Payroll Taxes (Continued)**

While the payroll records indicated Medicare, state and federal income taxes were withheld from the employees’ and officials’ gross pay, the amounts withheld, along with any employer matches were not fully remitted to the appropriate agencies as required. As of December 31, 2021 the amount collected and not remitted to the federal government was \$22,600 and the amount collected and not remitted to the State of Ohio was \$10,172. Additionally, it was noted that \$334 was paid in late fees primarily to the Ohio Public Employees Retirement System (OPERS) during 2021 and 2020.

We recommend the Fiscal Officer remit state, federal, and OPERS withholdings on a timely basis. The Township should review all applicable guidance for preparing, filing and payment of these withholdings so that the Township meets all requirements and avoids potential significant liabilities. This information was communicated to the Ohio Auditor of State for further consideration.

**Management’s Response** – See Corrective Action Plan.

**Finding Number 2021-003 - Significant Deficiency/Noncompliance**

**Approved Appropriations Matching Accounting System**

Ohio Admin. Code § 117-2-02-(C) (1) requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system in order to effectively maintain the accounting and budgetary records. This means designing an accounting system to provide ongoing and timely information of appropriations.

The Township did not have a control procedure in place to ensure that appropriations, as authorized by the Board, were reconciled to the appropriations posted to the accounting system for both 2021 and 2020. 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. The budgetary footnote reflects all adjustments.

	2021		
Fund	Posted in the Accounting System	Approved by Resolution	Variance
General	\$ 55,472	\$ 58,435	\$ (2,963)
Motor Vehicle License	19,702	-	19,702
Gasoline Tax	329,267	259,629	69,638
Road and Bridge	10,276	-	10,276
Cemetery	8,989	7,544	1,445
Fire District	17,838	28,423	(10,585)
Special Levy	14,295	11,664	2,631
Phillis Bequest	2,832	2,827	5

**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**Finding Number 2021-003 - Significant Deficiency/Noncompliance (Continued)**

**Approved Appropriations Matching Accounting System (Continued)**

Fund	2020 Posted in the Accounting System	Approved by Resolution	Variance
General	\$ 58,000	\$ 57,950	\$ 50
Motor Vehicle License	19,600	19,626	(26)
Gasoline Tax	229,299	240,000	(10,701)
Road and Bridge	9,800	-	9,800
Fire District	28,400	28,386	14
Special Levy	10,211	11,650	(1,439)
Coronavirus Relief Fund	15,295	-	15,295
Phillis Bequest	2,780	2,827	(47)

We recommend the Township implement procedures to ensure appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the Board after each amendment.

**Management’s Response** – See Corrective Action Plan.

**Finding Number 2021-004 – Material Weakness**

The Fiscal Officer prepared monthly bank reconciliations during the audit period. However, these reconciliations were not accurate. The monthly bank reconciliations contained “Other Adjusting Factors” throughout the entire audit period which were carried forward instead of being investigated and corrected. The lack of proper reconciliations resulted in numerous errors which remained undetected and/or uncorrected until the audit.

The “Other Adjusting Factors” at December 31, 2021 was \$4,555 and at December 31, 2020 was \$4,046. These differences have now been investigated and reconciled by a third party hired to help with the reconciliations and they have been posted to the Township records and financial statements. It was also noted that nine bank reconciliations contained no governing board signatures for 2021 and six for 2020.

We recommend that bank reconciliations be prepared timely and reviewed for accuracy monthly. Each bank and investment account should be reported separately. The reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. All un-reconciled balances should be researched to determine the source of the error. All reconciling items and errors should be corrected on the Township’s accounting system following the completion of the reconciliation. Support should be maintained for adjustments necessary to eliminate variances between the book balances and bank and investment accounts. The Township’s accounting system should be closed after the year end reconciliation has been completed so no adjustments affecting the year end fund balances can be made.

**Management’s Response** – See Corrective Action Plan.

**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**Finding Number 2021-005 - Noncompliance**

**Budgetary Controls**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission.

We noted the following appropriations exceeding estimated resources which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information.

2021			
Fund	Total Estimated Resources	Total Appropriations	Variance
Fire District	\$ 17,838	\$ 28,423	\$ (10,585)

2020			
Fund	Total Estimated Resources	Total Appropriations	Variance
Motor Vehicle License	\$ 19,406	\$ 19,721	\$ (315)
Gasoline Tax	239,060	256,033	(16,973)
Cemetery	8,090	8,130	(40)

Management and the Board of Trustees should review the requirements of ORC Section 5705 to be familiar with this law and to make sure the Township is complying with the applicable section.

**Management’s Response** – See Corrective Action Plan.

**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –  
PREPARED BY MANAGEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Material Weakness/Noncompliance – Financial Reporting Reclassifications	Not Corrected	Same issue as the prior audit
2019-002	Material Weakness/Noncompliance – Not Remitting Payroll Taxes Timely	Not Corrected	Same issue as the prior audit
2019-003	Noncompliance – Lack of Certification of Funds Prior to Expenditure	Corrected	N/A
2019-004	Noncompliance – Certification of Available Revenue not filed with the County Auditor	Corrected	N/A
2019-005	Noncompliance – Appropriations not filed with the County Auditor	Corrected	N/A
2019-006	Material Weakness – Other Adjusting Factors noted on bank reconciliations	Not Corrected	Same issue as the prior audit
2019-007	Noncompliance – Appropriations exceeding Estimated Resources	Not Corrected	Same issue as the prior audit

**MANCHESTER TOWNSHIP  
MORGAN COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	Fiscal Officer will follow the guidance obtained during the current audit process to complete upcoming annual financial reports filed on the Hinkle System.	Immediately	Shelby Heiss – Fiscal Officer
2021-002	The Fiscal Officer will timely remit payroll withholdings.	Immediately	Shelby Heiss – Fiscal Officer
2021-003	The Fiscal Officer will ensure approved appropriations match the accounting system.	Immediately	Shelby Heiss – Fiscal Officer
2021-004	The Fiscal Officer will reconcile the Other Adjusting Factors noted on Bank Reconciliations.	Immediately	Shelby Heiss – Fiscal Officer
2021-005	The Fiscal Officer will review Ohio Revised Code Section 5705 to ensure compliance with the section.	Immediately	Shelby Heiss – Fiscal Officer

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# OHIO AUDITOR OF STATE KEITH FABER



**MANCHESTER TOWNSHIP**

**MORGAN 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 12/19/2024**

65 East State 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)