



OHIO AUDITOR OF STATE
KEITH FABER



**PAINT TOWNSHIP
FAYETTE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report on the Financial Statements, Internal Control, and Compliance.....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For The Year Ended December 31, 2022	3
Notes to the Financial Statements For the Year Ended December 31, 2022	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund For The Year Ended December 31, 2021	11
Notes to the Financial Statements For the Year Ended December 31, 2021	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For The Year Ended December 31, 2020	19
Notes to the Financial Statements For the Year Ended December 31, 2020	21
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For The Year Ended December 31, 2019	27
Notes to the Financial Statements For the Year Ended December 31, 2019	29
Schedule of Findings.....	35
Prepared by Management:	
Summary Schedule of Prior Audit Findings	47

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Paint Township
Fayette County
4 Cross Street
Bloomingburg, Ohio 43106

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of Paint Township, Fayette County, (the Township), as of and for the years ended December 31, 2022, 2021, 2020, and 2019. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2022-003, 2022-007 through 2022-009 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2022-001 through 2022-007 and 2022-009 through 2022-013.

Government's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio
January 11, 2024

Paint Township
Fayette 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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash Receipts			
Unclassified	\$ 35,910	\$ 251,969	\$ 287,879
<i>Total Cash Receipts</i>	<u>35,910</u>	<u>251,969</u>	<u>287,879</u>
Cash Disbursements			
Unclassified	88,686	38,099	126,785
<i>Total Cash Disbursements</i>	<u>88,686</u>	<u>38,099</u>	<u>126,785</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(52,776)</u>	<u>213,870</u>	<u>161,094</u>
<i>Fund Cash Balances, January 1</i>	<u>261,409</u>	<u>953,453</u>	<u>1,214,862</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 208,633</u>	<u>\$ 1,167,323</u>	<u>\$ 1,375,956</u>

See accompanying notes to the basic financial statements

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Paint Township
Fayette 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 Paint Township, Fayette County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer.

The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the BPM Joint Fire District to provide fire services.

Public Entity Risk Pools and Related Organizations

The Township participates in the Ohio Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing, and repair of roads and bridges within the Township.

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and 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.

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:

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

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

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	\$34,121	\$35,910	\$1,789
Special Revenue	181,098	251,969	70,871
Total	\$215,219	\$287,879	\$72,660

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$397,706	\$88,686	\$309,020
Special Revenue	939,380	38,099	901,281
Total	\$1,337,086	\$126,785	\$1,210,301

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

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 and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$122,038
Certificates of deposit	39,600
Money Market Account	1,214,318
Total deposits	1,375,956

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

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.

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:

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

- General liability and casualty
- Public official’s liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	2022
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

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, 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.

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – 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. 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. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Paint Township
Fayette 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	Total
Cash Receipts			
Unclassified	\$ 37,015	\$ 263,044	\$ 300,059
<i>Total Cash Receipts</i>	<u>37,015</u>	<u>263,044</u>	<u>300,059</u>
Cash Disbursements			
Unclassified	93,736	173,951	267,687
<i>Total Cash Disbursements</i>	<u>93,736</u>	<u>173,951</u>	<u>267,687</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(56,721)</u>	<u>89,093</u>	<u>32,372</u>
<i>Fund Cash Balances, January 1</i>	<u>318,130</u>	<u>864,360</u>	<u>1,182,490</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 261,409</u>	<u>\$ 953,453</u>	<u>\$ 1,214,862</u>

See accompanying notes to the basic financial statements

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Paint Township
Fayette 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 Paint Township, Fayette County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer.

The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the BPM Joint Fire District to provide fire services.

Public Entity Risk Pools and Related Organizations

The Township participates in the Ohio Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide 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

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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.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing, and repair of roads and bridges within the Township.

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and 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.

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:

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

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

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

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

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

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

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

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	\$34,121	\$37,015	\$2,894
Special Revenue	181,098	263,044	81,946
Total	\$215,219	\$300,059	\$84,840

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$397,706	\$93,736	\$303,970
Special Revenue	939,380	173,951	765,429
Total	\$1,337,086	\$267,687	\$1,069,399

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

Note 4 – Deposits and Investments

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 and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$126,726
Certificates of deposit	39,565
Money Market Account	1,048,571
Total deposits	1,214,862

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

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.

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

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

- Public official’s liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	2021
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 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Paint Township
Fayette 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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash Receipts			
Unclassified	\$ 57,348	\$ 191,624	\$ 248,972
<i>Total Cash Receipts</i>	<u>57,348</u>	<u>191,624</u>	<u>248,972</u>
Cash Disbursements			
Unclassified	86,708	20,042	106,750
<i>Total Cash Disbursements</i>	<u>86,708</u>	<u>20,042</u>	<u>106,750</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,360)</u>	<u>171,582</u>	<u>142,222</u>
<i>Fund Cash Balances, January 1</i>	<u>347,490</u>	<u>692,778</u>	<u>1,040,268</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 318,130</u>	<u>\$ 864,360</u>	<u>\$ 1,182,490</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

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The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the BPM Joint Fire District to provide fire services.

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

Basis of Accounting

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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 canceled and reappropriated in the subsequent year.

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:

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

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

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

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

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

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

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

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	\$30,732	\$57,348	\$26,616
Special Revenue	172,384	191,624	19,240
Total	\$203,116	\$248,972	\$45,856

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$372,674	\$86,708	\$285,966
Special Revenue	813,551	20,042	793,509
Total	\$1,186,225	\$106,750	\$1,079,475

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

Note 4 – Deposits and Investments

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 and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$130,000
Certificates of deposit	39,477
Money Market Account	1,013,013
Total deposits	1,182,490

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

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.

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:

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

- General liability and casualty
- Public official’s liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

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

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, 2020.

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

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Paint Township
Fayette County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash Receipts			
Unclassified	\$ 61,708	\$ 202,080	\$ 263,788
<i>Total Cash Receipts</i>	<u>61,708</u>	<u>202,080</u>	<u>263,788</u>
Cash Disbursements			
Unclassified	106,429	156,093	262,522
<i>Total Cash Disbursements</i>	<u>106,429</u>	<u>156,093</u>	<u>262,522</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,721)</u>	<u>45,987</u>	<u>1,266</u>
<i>Fund Cash Balances, January 1</i>	<u>392,211</u>	<u>646,791</u>	<u>1,039,002</u>
Fund Cash Balances, December 31			
<i>Restricted</i>		692,778	692,778
Assigned	<u>347,490</u>		<u>347,490</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 347,490</u>	<u>\$ 692,778</u>	<u>\$ 1,040,268</u>

See accompanying notes to the basic financial statements

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Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Paint Township, Fayette County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer.

The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the BPM Joint Fire District to provide fire services.

Public Entity Risk Pools and Related Organizations

The Township participates in the Ohio Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing, and repair of roads and bridges within the Township.

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2019 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:

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,667	\$61,708	\$31,041
Special Revenue	57,395	202,080	144,685
Total	\$88,062	\$263,788	\$175,726

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$488,806	\$106,429	\$382,377
Special Revenue	738,730	156,093	582,637
Total	\$1,227,536	\$262,522	\$965,014

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

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 and investment accounts are as follows:

	2019
<i>Cash Management Pool:</i>	
Demand deposits	\$135,000
Certificates of deposit	39,366
Money Market Account	865,902
Total deposits	1,040,268

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.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

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.

Paint Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2019</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

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, 2019.

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

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**PAINT TOWNSHIP
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022, 2021, 2020, AND 2019**

<i>Finding Number</i>	2022-001
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Noncompliance – Public Records Policy and Public Records Training

Ohio Rev. Code § 149.43(E)(2) provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to **Ohio Rev. Code § 149.43(B)(7)(c)**, the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. “Commercial” is narrowly construed and does not include reporting or gathering news, reporting, or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Township does not have a formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.

The Township should establish a public records policy. The policy shall be distributed to the records custodian/manager and the Township should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in the Township’s office and the public records policy must be included in policy manuals or handbooks if any exist.

Pursuant to **Ohio Rev. Code § 109.43(E)(2)**, the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at

<https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

**FINDING NUMBER 2022-001
(Continued)**

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

None of the Township's elected officials have attended a required Certified Public Records Training or had an appropriate designee attend a training during their term in office, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee, should, during their term of office, attend public records training and maintain proof of completion of the training.

Ohio Rev. Code § 149.43(B)(2) requires a public office to have a copy of its current records retention schedule at a location readily available to the public.

The Township has not established or created a records retention schedule. The Township should create a records retention schedule and ensure it is readily available to the public.

Officials' Response:

The Fiscal Officer is working with other entities to get a Public Records Policy in place. The next meeting, they will discuss the steps to implement the public records policy. Fiscal Officer will complete the training that is needed to be up to date.

<i>Finding Number</i>	2022-002
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Noncompliance – Fiscal Officer Training Requirements

Ohio Rev. Code § 507.12(B) and (C) and the Fiscal Integrity Act (FIA) requires a newly elected or appointed township fiscal officer to complete at least six hours of initial education programs before commencing, or during the first year of, office. A township fiscal officer who participates in a training program held under section 117.44 of the Revised Code may apply those hours taken before commencing office to the six hours of initial education programs required under this division. In addition to the six hours of initial education required a newly elected township fiscal officer shall complete at least a total of eighteen continuing education hours during the township fiscal officer's first term of office. If the fiscal officer is appointed to fill a vacancy, the total hours for training will be based on the amount of time left in the unexpired term. Re-elected fiscal officers must complete 12 hours of continuing education courses before the end of each subsequent term (including 2 hours of ethics training). Fiscal officers who fall under the requirements include township fiscal officers.

The current fiscal officer was appointed in January of 2020 to complete the term of the prior fiscal officer which ended on March 31, 2024. Since being appointed to the position, the current fiscal officer has not completed any of the required training. The Fiscal Integrity Act was enacted to raise the bar of accountability for fiscal officers across the State. The law helps deter accounting errors and fraud with increased training requirements.

The current fiscal officer should prioritize obtaining the proper training for the office held to meet State requirements.

Officials' Response:

The Fiscal Officer is currently working on training dates to bring the Fiscal Officer up to date.

<i>Finding Number</i>	2022-003
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Internal Control Deficiency and Noncompliance – Annual Appropriation Measure

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

**FINDING NUMBER 2022-003
(Continued)**

Temporary or Permanent Appropriation measures were not approved for 2021 or 2022 in the monthly minutes. Appropriations were submitted to the County Budget Commission as required. Failure by the Board to approve appropriations by the required date could result in disbursements being made without proper budgetary authority which could result in deficit spending by the Township.

Officials' Response:

Fiscal Officer will ensure the minutes are updated and correct.

<i>Finding Number</i>	2022-004
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Noncompliance – Annual Financial Reporting

Ohio Rev. Code § 117.38 requires cash basis entities to file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports.

The Township did not file timely on the Hinkle System for 2019 and 2021. The 2019 report was not filed until September 6, 2021 (17 months late) and the 2021 report was not filed until March 7, 2022 (6 days late).

The Township should implement procedures to verify the annual financial report is completed timely and filed with the Auditor of State within 60 days.

Officials' Response:

The Fiscal Officer has corrected by reporting future reports timely in the Hinkle System.

<i>Finding Number</i>	2022-005
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Noncompliance – Health Insurance Reimbursement

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

**FINDING NUMBER 2022-005
(Continued)**

A township is permitted to reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs, however, pursuant to Ohio Rev. Code § 505.601, the township must meet the following three conditions:

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

The Township provided insurance reimbursements to the Officials; however, they did not adopt a resolution that met the above mentioned conditions.

The Township should pass a resolution each year that includes the required conditions for healthcare coverage reimbursement to ensure that they are meeting the necessary requirements.

Officials' Response:

We obtained a sample resolution. The Township is working on putting a new resolution in place for the 2024 next meeting.

FINDING NUMBER 2022-006

<i>Finding Number</i>	2022-006
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Noncompliance – Certification of Compensation for Trustees

Ohio Rev. Code § 505.24(C) sets forth the method by which township trustees' compensation should be allocated. By summary, Ohio Revised Code § 505.24(C) permits trustees to receive per diem payments or annual salaries if voted upon unanimously by the township board of trustees.

If using the annual salary compensation method, the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in Ohio Revised Code § 505.24(C), and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

**FINDING NUMBER 2022-006
 (Continued)**

In 2022, 2021, 2020 and 2019, the Trustee’s did not complete time certifications, therefore, all gross salaries, and related employer contributions (OPERS, Medicare, and insurance reimbursements) should have been paid from the General Fund.

However, the salaries were allocated 25% to the General Fund and 75% to the Gasoline Tax Fund. Additionally, the related employer contributions (OPERS, Medicare, and insurance reimbursements) were paid from the funds.

These errors resulted in misstatements to the financial statements. Management has made the following adjustments for wage and employer benefits to the accompanying financial statements and the accounting records:

Funds:	General	Gas Tax
2022 Payroll Allocation	(\$27,356)	\$27,356
2021 Payroll Allocation	(\$27,503)	\$27,503
2020 Payroll Allocation	(\$29,200)	\$29,200
2019 Payroll Allocation	(\$31,163)	\$31,163

The Township should draft, approve, and implement policies and procedures to help ensure compensation and certifications are made in accordance with Ohio Rev. Code § 505.24.

Officials’ Response:

Audit adjustments were posted. The Trustees and Fiscal Officer will work on implementing a new policy to ensure compensation will be allocated to the correct funds.

<i>Finding Number</i>	2022-007
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Internal Control Deficiency and Noncompliance – Segregation of Duties

Ohio Admin. Code 117-2-01 states all public officials are responsible for the design and operation of a system of internal controls that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

“Internal Control” means a process affected by the Township’s governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Reliability of financial reporting
2. Effectiveness and efficiency of operations;
3. Compliance with applicable laws and regulations; and
4. Safeguarding of assets.

**FINDING NUMBER 2022-007
(Continued)**

The Township did not implement adequate segregation of duties related to the deposit of receipts, posting of transactions, and reconciliation of Township accounts. The Fiscal Officer was solely responsible for: recording transactions into the Township's accounting system, making deposits of monies received to the bank, and reconciling the Township's accounting system to the bank. There was no segregation of duties over the finance function of the Township.

The lack of segregation of duties increases the possibility that errors or irregularities could occur and not be discovered in a timely manner. Not establishing internal controls can lead to incomplete and inaccurate processing of transactions and lack of accountability.

We recommend that the Township implement segregation of duties and oversight of financial transactions by the Board.

Officials' Response:

The Officials' did not respond to this finding.

<i>Finding Number</i>	2022-008
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Internal Control Deficiency – Completion of Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft, and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed for the year ending December 31, 2019, nor the first seven months of 2020. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented, and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

FINDING NUMBER 2022-008
(Continued)

Officials' Response:

This has been corrected and the Trustees now sign the bank reconciliation.

<i>Finding Number</i>	2022-009
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Internal Control Deficiency and Noncompliance – Posting Transactions

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township inappropriately recorded the following receipts and expenditures in the accounting records:

- In 2022, 2021, 2020, and 2019, the Township incorrectly posted their real estate and manufactured home tax settlement receipts at net rather than gross. These receipts should be recorded at gross amounts and the deductions should be recorded as disbursements for the Township's records.

2022

- The Township incorrectly allocated Homestead and Rollback revenue, resulting in an overstatement of \$2,276 in the General Fund and an understatement in the Road and Bridge Fund.

2021

- The Township incorrectly recorded the repayment of Cemetery Taxes, resulting in an understatement of \$9,619 in General Fund expenditures and an overstatement of expenditures in the Road and Bridge Fund.
- The Township incorrectly recorded Gas Tax revenue, resulting in an understatement of \$11,185 in the Gas Tax Fund and an overstatement in the Road and Bridge Fund.

2020

- The Township incorrectly recorded Property Tax revenue, resulting in an overstatement of \$22,707 in the General Fund and an understatement in the Road and Bridge Fund.
- The Township posted a total of \$1,144 in Motor Vehicle License receipts to the Permissive Motor Vehicle License fund causing the Permissive Motor Vehicle License fund receipts to be overstated and the Motor Vehicle License receipts to be understated.
- The Township posted \$11,765 in Gas Tax receipts to the Permissive Motor Vehicle License fund causing the Permissive Motor Vehicle License receipts to be overstated and the Gas Tax Fund receipts to be understated.

2019

- The Township incorrectly allocated Homestead and Rollback revenue, resulting in an overstatement of \$3,385 in the General Fund and an understatement in the Road and Bridge Fund.

FINDING NUMBER 2022-009
(Continued)

Officials' Response:

The Fiscal Officer will implement procedures to ensure proper postings.

<i>Finding Number</i>	2022-010
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Noncompliance Citation – Finding For Recovery Repaid Under Audit

During 2016, Fayette County converted to a new tax system. During the conversion Paint Township and Bloomingburg Joint Cemetery were included on the same taxing district. The County was made aware of the situation and correctly disbursed the County Real Estate and Manufactured Home Taxes to the correct entities through 2018, then again in 2021 and thereafter. When the State received the Homestead and Rollback information, they were not made aware of the taxing district issue and have continued to remit monies for the Bloomingburg Joint Cemetery to the Township.

In 2020 and 2019, the Township received Property Tax settlements from the County during 2022, 2021, 2020 and 2019 the Township received Homestead and Rollback disbursements from the State that should have been sent and receipted into the Bloomingburg Joint Cemetery books. The County corrected their system in 2020 so that the Township no longer receives any tax settlements for the Bloomingburg Joint Cemetery, however, the Homestead and Rollback amounts disbursed by the State to the Township still include amounts intended for the Cemetery.

The total amount of improper payments received by the Township from the County and State for all years combined is \$79,900. The Township remitted a payment in February of 2021 in the amount of \$39,588 to the Bloomingburg Joint Cemetery leaving a total amount due to them by the Township of \$40,312.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public monies due but not collected is hereby issued against Paint Township in the amount of \$40,312 in favor of Bloomingburg Joint Cemetery, to be paid \$22,518 from the General Fund and \$17,794 from the Cemetery Fund.

The finding was repaid by Paint Township in the amount of \$40,312 check number 1782, on January 17, 2024.

Officials' Response:

The Township has repaid the above amount and is working with the Auditor of State to ensure future receipts are properly disbursed.

<i>Finding Number</i>	2022-011
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Finding for Recovery- Repaid Under Audit

Ohio Rev. Code § 505.24(A)(4) provides that, in Townships having a budget of more than \$750,000 but not more than \$1,500,000, the compensation of the Township Trustees shall be \$56.71 per day for not more than 200 days per year. Further, Ohio Rev. Code § 505.24(B) provides that in calendar year 2019 and in each calendar year thereafter through calendar year 2028, the amounts paid as specified in division (A) of this section shall be increased by one and three-quarters per cent.

Ohio Attorney General Opinion No. 99-015 provides, in part, that “for the purposes of calculating the authorized compensation of the Township Trustees pursuant to Ohio Rev. Code § 505.24, the term ‘budget’ refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate.”

Ohio Constitution, Article II, §20 provides the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

Paint Township's annual budget was between \$750,000 - \$1,500,000 for 2021 and 2020. Based on this budget amount, Ohio Rev. Code § 505.24(A) limited the annual salary for Trustee Scott Cook to \$11,342 in 2021, 2020, and 2019. However, the Trustee was paid incorrectly at the amount of \$11,540 for 2021 and 2020, and \$11,517 for 2019 which resulted in a total overpayment of \$571.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustee Scott Cook and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$571, and in favor of Paint Township's General Fund.

On December 22, 2023, Mr. Cook repaid Paint Township, via a personal check, the total finding amount of \$571. This amount was deposited into the Township's bank account on December 22, 2023, and posted to the Township's accounting system. This finding for recovery is considered paid in full.

Officials' Response:

The Officials' did not respond to this finding.

<i>Finding Number</i>	2022-012
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Finding for Recovery- Repaid Under Audit

Ohio Rev. Code § 505.24(A)(4) provides that, in Townships having a budget of more than \$750,000 but not more than \$1,500,000, the compensation of the Township Trustees shall be \$56.71 per day for not more than 200 days per year. Further, Ohio Rev. Code § 505.24(B) provides that in calendar year 2019 and in each calendar year thereafter through calendar year 2028, the amounts paid as specified in division (A) of this section shall be increased by one and three-quarters per cent.

**FINDING NUMBER 2022-012
(Continued)**

Ohio Attorney General Opinion No. 99-015 provides, in part, that “for the purposes of calculating the authorized compensation of the Township Trustees pursuant to Ohio Rev. Code § 505.24, the term ‘budget’ refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate.”

Ohio Constitution, Article II, §20 provides the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

Paint Township's annual budget was between \$750,000 - \$1,500,000 for 2021 and 2020. Based on this budget amount, Ohio Rev. Code § 505.24(A) limited the annual salary for Trustee Kenneth Kelly to \$11,342 in 2021, 2020, and 2019. However, the Trustee was paid incorrectly at the amount of \$11,540 for 2021 and 2020, and \$11,517 for 2019 which resulted in a total overpayment of \$571.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustee Kenneth Kelly and his bonding company, Ohio Township Association Risk Management Authority, in the amount of \$571, and in favor of Paint Township's General Fund.

On December 22, 2023, Mr. Kelly repaid Paint Township, via a personal check, the total finding amount of \$571. This amount was deposited into the Township's bank account on December 22, 2023, and posted to the Township's accounting system. This finding for recovery is considered paid in full.

Officials' Response:

The Officials' did not respond to this finding.

<i>Finding Number</i>	2022-013
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Noncompliance – Minute Records

Ohio Rev. Code § 507.04 provides that the Fiscal Officer shall keep an accurate record of the proceedings of the Board of Township Trustees at all its meetings. It is also the duty of the Fiscal Officer to have the minutes of the previous meetings properly completed so that the minutes can be approved at the subsequent meeting, including being signed as approved by the Board Chairperson and Fiscal Officer.

We noted the following conditions related to the Township's minutes:

- For 2022 – one meeting was not properly signed by the Chairperson; no meetings recorded the review and approval of the prior meeting minutes.
- For 2021 – eight meetings were not properly signed by the Chairperson; no meetings recorded the review and approval of the prior meeting.
- For 2020 – two meetings were not recorded, and one recorded meeting was not properly signed by the Chairperson.
- For 2019 – three meetings were not properly signed by the Chairperson and Fiscal Officer.

FINDING NUMBER 2022-013
(Continued)

The Township should include in their Board meeting minutes a review and approval of the minutes from the prior meeting along with a notation of any changes or additions to those minutes that the Board deems necessary. The minutes should then be signed by the Board Chairperson and Fiscal Officer denoting their approval of the minutes as noted. This review and subsequent signing of the minutes helps assure the Township that the information included in the minutes is a true representation of the Board's activity.

Officials' Response:

The Fiscal Officer will ensure all minutes are correct.

**Paint Township
Fayette County
4 Cross Street
Bloomington, Ohio 43106**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended December 31, 2022, 2021, 2020, and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code 5705.10- controls not in place to ensure that investment accounts were included in the Township fund balance and properly classified.	Corrected	
2018-002	Ohio Rev. Code § 505.24(C) Trustees pay from funds other than the General Fund were not certified.	Not Corrected	Reissued in Finding 2022-006
2018-003	Material Weakness – transactions were not posted accurately.	Not Corrected	Reissued in Finding 2022-009
2018-004	Ohio Rev. Code, Section 5705.38(A) and 5705.41(B) appropriations were not certified by the County Budget Commission.	Corrected	
2018-005	Noncompliance Citation – Finding For Recovery Homestead and Rollback received by Paint Township in error.	Not Corrected	Reissued in Finding 2022-010

OHIO AUDITOR OF STATE KEITH FABER



PAINT TOWNSHIP

FAYETTE 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 2/15/2024

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