

**PERU TOWNSHIP  
MORROW COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022**



**GUEYE & ASSOCIATES, CPA, INC.**

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Board of Trustees  
Peru Township  
3751 Peru Twp Rd 21  
Marengo, OH 43334

We have reviewed the *Independent Auditor's Report* of the Peru Township, Morrow County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2022 through December 31, 2023. 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 Peru Township is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

February 23, 2025

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PERU TOWNSHIP  
MORROW COUNTY

DECEMBER 31, 2023 AND 2022

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## INDEPENDENT AUDITOR'S REPORT

Peru Township  
Morrow County  
3751 Peru Twp Road 21  
Marengo, Ohio 43334

To the Board of Trustees:

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

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Peru Township, Morrow County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023, and December 31, 2022, 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 type combined total as of and for the years ended December 31, 2023 and December 31, 2022, 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, 2023, and December 31, 2022, or the changes in financial position for the years then ended.

#### ***Basis for Opinions***

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

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

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

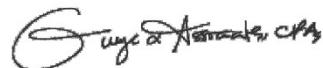
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 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.



Columbus, Ohio  
December 31, 2024

PERU TOWNSHIP, OHIO  
MORROW COUNTY

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**

For the Year Ended December 31, 2023

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Taxes	\$ 89,579	\$ -	\$ 89,579
Intergovernmental	26,275	155,626	181,901
Earnings on Investments	526	34	560
Miscellaneous	6,914	-	6,914
<i>Total Cash Receipts</i>	<i>123,294</i>	<i>155,660</i>	<i>278,954.00</i>
<b>Cash Disbursements</b>			
Current:			
General Government	98,122	29,888	128,010
Public Works	9,936	151,082	161,018
Health	128	-	128
Principal Retirement	24,628	-	24,628
Interest and Fiscal Charges	540	-	540
<i>Total Cash Disbursements</i>	<i>133,354</i>	<i>180,970</i>	<i>314,324</i>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<i>(10,060)</i>	<i>(25,310)</i>	<i>(35,370)</i>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Financing Sources	-	4,392	4,392
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>-</i>	<i>4,392</i>	<i>4,392</i>
<i>Net Change in Fund Cash Balances</i>	<i>(10,060)</i>	<i>(20,918)</i>	<i>(30,978)</i>
<i>Fund Cash Balances, January 1</i>	<i>111,478</i>	<i>344,353</i>	<i>455,831</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 101,418</i>	<i>\$ 323,435</i>	<i>\$ 424,853</i>

*See accompanying notes to the basic financial statements*

**Peru Township**  
**Morrow County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

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### **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Peru Township, Morrow 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. The Township contracts with the Elm Valley Joint Fire District to provide fire protection and rescue services.

### ***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) a public entity risk pool. Note 6 to the financial statements provide additional information for the 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 which are all organized on a fund type basis.

#### ***Fund Accounting***

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

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

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

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

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

**Fiscal Recovery Fund** This fund receives money from the Federal American Rescue Plan to be used to alleviate the economic effect of the pandemic for the Township.

#### ***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).

**Peru Township**  
**Morrow County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

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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.

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

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

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

A summary of 2023 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. 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.

**Peru Township**  
**Morrow County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

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**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 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,925	\$123,294	(\$7,631)
Special Revenue	\$315,420	\$160,052	(155,368)
<b>Total</b>	<b>\$446,345</b>	<b>\$283,346</b>	<b>(\$162,999)</b>

Fund Type	Authority	Expenditures	Variance
General	\$225,108	\$133,354	\$91,754
Special Revenue	\$407,794	\$180,970	226,824
<b>Total</b>	<b>\$632,902</b>	<b>\$314,324</b>	<b>\$318,578</b>

### **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:

	2023
<b>Cash Management Pool:</b>	
Demand deposits	\$399,853
Certificates of deposit	\$25,000
<b>Total deposits</b>	<b>424,853</b>

#### **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.

**Peru Township**  
*Morrow County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

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### **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 (local entity'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>2023</u>
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

### **Note 7 – Defined Benefit Pension Plans**

#### ***Ohio Public Employees Retirement System***

Four (4) 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, 2023.

**Peru Township**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 10 – 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. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

PERU TOWNSHIP, OHIO  
MORROW COUNTY

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**

For the Year Ended December 31, 2022

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Taxes	\$ 97,130	\$ -	\$ 97,130
Intergovernmental	26,037	230,948	256,985
Earnings on Investments	44	8	52
Miscellaneous	3,779	-	3,779
<i>Total Cash Receipts</i>	<u>126,990</u>	<u>230,956</u>	<u>357,946</u>
<b>Cash Disbursements</b>			
Current:			
General Government	100,016	87,345	187,361
Public Works	9,365	41,146	50,511
Capital Outlay	750	350	1,100
Principal Retirement	17,727	-	17,727
Interest and Fiscal Charges	2,273	-	2,273
<i>Total Cash Disbursements</i>	<u>130,131</u>	<u>128,841</u>	<u>256,699</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(3,141)</u>	<u>102,115</u>	<u>101,247</u>
<i>Net Change in Fund Cash Balances</i>	<u>(3,141)</u>	<u>102,115</u>	<u>101,247</u>
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>114,619</u>	<u>242,238</u>	<u>356,857</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 111,478</u></u>	<u><u>\$ 344,353</u></u>	<u><u>\$ 455,831</u></u>

*See accompanying notes to the basic financial statements*

**Peru Township**  
**Morrow County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

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### **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Peru Township, Morrow 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. The Township contracts with the Elm Valley Joint Fire District to provide fire protection and rescue services.

### ***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) a public entity risk pool. Note 6 to the financial statements provide additional information for the 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 which are all organized on a fund-type basis.

#### ***Fund Accounting***

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

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

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

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

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

**Fiscal Recovery Fund** This fund receives money from the Federal American Rescue Plan to be used to alleviate the economic effect of the pandemic for the Township.

#### ***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).

**Peru Township**  
**Morrow County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

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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.

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

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

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

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:

***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.

**Peru Township**  
**Morrow County**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

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**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 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,049	\$126,990	\$2,941
Special Revenue	\$371,492	\$230,956	(140,536)
<b>Total</b>	<b>\$495,541</b>	<b>\$357,946</b>	<b>(\$137,595)</b>

Fund Type	Authority	Expenditures	Variance
General	\$224,049	\$130,131	\$93,918
Special Revenue	\$325,442	\$128,841	196,601
<b>Total</b>	<b>\$549,491</b>	<b>\$258,972</b>	<b>\$290,519</b>

### **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	
<b>Cash Management Pool:</b>	
Demand deposits	\$430,831
Certificates of deposit	\$25,000
<b>Total deposits</b>	<b>455,831</b>

#### **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.

**Peru Township**  
*Morrow County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**

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### **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 (local entity'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>2023</u>
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

### **Note 7 – Defined Benefit Pension Plans**

#### ***Ohio Public Employees Retirement System***

Four (4) 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.

**Peru Township**  
**Morrow County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. medical expenses.

**Note 9 – Debt**

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

	Principal	Interest Rate
General Obligation Bonds	\$24,628	5.92%

The Township issued general obligation bonds to finance the purchase of a township hall. The building is used for Township meetings and storage for vehicles during winter months. The Township's taxing authority collateralized the bonds.

**Amortization**

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

<u>Year Ending</u> <u>December 31:</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>
2023	20,000
2024	5,563
Total	\$25,563

**Note 10 – 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. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.



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

Peru Township  
Morrow County  
P.O. Box 125  
Tiro, Ohio 44887

To the Township 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 fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Peru Township, Morrow County (the Township) and have issued our report thereon dated December 31, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item No. 2023-001 that we consider to be a material weakness.

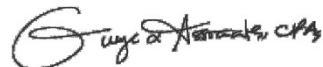
Peru Township  
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Independent Auditor's Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

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

***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.



Columbus, Ohio  
December 31, 2024

PERU TOWNSHIP  
MORROW COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs. A14 & A16.

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

We noted the following in 2022:

- Local recovery funds of \$80,034 accounting for the Township's receipts of the federal recovery funds were incorrectly receipted into the capital project funds in lieu of the local recovery fund created for that purpose. And corresponding expenditures of \$9,501 were disbursed from the capital project fund in lieu of the local recovery fund.
- Interest payments of \$2,273 were incorrectly classified as principal payments in the General Fund.
- Miscellaneous revenues of \$184 were classified as other financing sources in the General fund
- Auditor fees of \$6,096 related to real-estate receipts were incorrectly classified as other financing uses in lieu of general government expenditures in the General fund.

We noted the following in 2023:

- Local recovery funds expenditures of \$29,193 were disbursed from the capital project fund in lieu of the local recovery fund.
- Interest payments of \$540, and principal payments of \$4,628 were incorrectly recorded and classified as general government expenditures in the capital project fund.
- Miscellaneous revenues of \$600 were classified as other financing sources in the General fund

Audit adjustments and reclassifications, which were agreed by management, are reflected in the financial statements and in the accounting, records correcting the misstatement.

The lack of control over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Officials' Response:** We did not receive a response from officials for this finding.

# OHIO AUDITOR OF STATE KEITH FABER



PERU TOWNSHIP

MORROW COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/6/2025

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)