



OHIO AUDITOR OF STATE  
**KEITH FABER**





SEAL TOWNSHIP  
PIKE COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Seal Township  
Pike County  
P.O. Box 262  
Piketon, Ohio 45661

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Seal Township, Pike County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Seal Township, Pike County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of matter***

As discussed in Note 9 to the 2019 financial statements, during 2020 the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio  
June 23, 2020

**Seal Township  
Pike County**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$28,457	\$234,919	\$263,376
Intergovernmental	25,354	155,751	181,105
Fines, Licenses and Permits	63,060	15,100	78,160
Earnings on Investments	2,296	4,887	7,183
Miscellaneous	1,362	5,200	6,562
<i>Total Cash Receipts</i>	<u>120,529</u>	<u>415,857</u>	<u>536,386</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	2,838	6,420	9,258
Public Health Services	0	71,911	71,911
Transportation	0	153,699	153,699
General Government	105,476	65,860	171,336
Capital Outlay	0	48,760	48,760
Debt Service:			
Principal Retirement	0	47,511	47,511
Interest and Fiscal Charges	0	33,563	33,563
<i>Total Cash Disbursements</i>	<u>108,314</u>	<u>427,724</u>	<u>536,038</u>
<i>Net Change in Fund Cash Balances</i>	12,215	(11,867)	348
<i>Fund Cash Balances, January 1</i>	<u>149,466</u>	<u>580,337</u>	<u>729,803</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	568,470	568,470
Assigned	157,279	0	157,279
Unassigned (Deficit)	4,402	0	4,402
<i>Fund Cash Balances, December 31</i>	<u>\$161,681</u>	<u>\$568,470</u>	<u>\$730,151</u>

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

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**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Township**

The constitution and laws of the State of Ohio establish the rights and privileges of Seal Township, Pike County, as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection within the township.

The Township participates in the Ohio Township Management Authority (OTARTMA) which is an insurance risk-sharing pool available to Ohio Townships, Note 8 provides additional information regarding this entity.

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

**B. Accounting Basis**

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

**C. Cash and Deposits**

The Township deposits all available funds in an interest earning checking account at a local commercial bank. All deposits are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is a general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

MVLT Fund - This fund receives motor vehicle licence tax money to pay for Constructing, maintaining, and repairing Township roads.

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

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund – This fund receives tax levy and cemetery activities money to pay for constructing, maintaining, and repairing Township cemeteries.

Fire Fund – This fund receives tax levy money for the constructing, maintaining, and repairing of Township Fire Equipment and facilities for the purpose of fire protection.

**E. Budgetary Process**

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

**1. 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 Seal Township Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. 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.

**3. 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2019 and 2018 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**3. 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.

**4. Assigned**

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

**5. 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.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2019
Demand deposits	\$730,151
Total deposits	\$730,151

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

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

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

2019 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$234,000	\$108,314	\$125,686
Special Revenue	989,500	427,724	561,776
Total	\$1,223,500	\$536,038	\$687,462

2019 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,080	\$120,529	\$26,449
Special Revenue	443,136	415,857	(27,279)
Total	\$537,216	\$536,386	(\$830)

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the state, and are reflected in the accompanying financial statements 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30<sup>th</sup>.

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

**5. DEBT**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Cemetery Land Purchase	\$139,713	3.65%
Fire House Addition Bonds	826,900	4.00%
Total	\$966,613	

The Township issued general obligation bonds to finance the purchase of additional cemetery land and to construct roads and develop sections within the cemetery acquisition. The Township's taxing authority collateralized the bonds. The full obligation cost was \$185,000 with \$2,000 in principle being paid in 2015. Annual payments will be \$16,926(15 year term @ 3.65% interest) paid to Ohio Valley Bank of Gallipolis, Ohio.

The Township issued general obligation bonds to finance and construct the addition to the fire house

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

building on Main Street in Piketon, Ohio located within Seal Township. The building addition allows the fire dept to better develop the skills required of fire fighting and improves the fire protection capabilities of the fire dept. within Seal Township and outreaching communities. The Township's taxing authority collateralized the bonds. The full obligation cost was \$900,000 with \$2,000 in principle being paid in 2017. Annual payments will be approximately \$64,000/year (20 year term @ 4.0% interest) paid to Ohio Valley Bank of Gallipolis, Ohio.

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

Year Ending December 31:	Cemetery Land Acquisition	Fire House Bonds
2020	\$16,927	\$64,174
2021	16,927	64,162
2022	16,926	64,111
2023	16,927	64,121
2024	16,927	64,088
2025-2029	84,630	768,460
Total	<u>\$169,264</u>	<u>\$1,089,116</u>

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (OPERS) of Ohio. 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 contributions rates. For 2019, OPERS members contributed 10.0 percent of their gross salaries and the Township contributed an amount equaling 14.0 percent of participant's gross salaries. The Township has paid contributions required through December 31, 2019.

**7. POST EMPLOYMENT BENEFITS**

OPERS offers a 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.

**8. RISK MANAGEMENT**

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

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

- 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:

2018

Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

**9. SUBSEQUENT EVENTS**

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

**Seal Township  
Pike County**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$31,245	\$236,760	\$268,005
Intergovernmental	31,531	191,456	222,987
Fines, Licenses and Permits	71,389	17,880	89,269
Earnings on Investments	2,405	14,035	16,440
<i>Total Cash Receipts</i>	<u>136,570</u>	<u>460,131</u>	<u>596,701</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	0	6,060	6,060
Public Health Services	0	94,883	94,883
Leisure Time Activities	0	887	887
Transportation	0	106,644	106,644
General Government	106,669	72,094	178,763
Capital Outlay	0	302,646	302,646
Debt Service:			
Principal Retirement	0	81,067	81,067
Interest and Fiscal Charges	0	36,837	36,837
<i>Total Cash Disbursements</i>	<u>106,669</u>	<u>701,118</u>	<u>807,787</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,901</u>	<u>(240,987)</u>	<u>(211,086)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	551	0	551
<i>Total Other Financing Receipts (Disbursements)</i>	<u>551</u>	<u>0</u>	<u>551</u>
<i>Net Change in Fund Cash Balances</i>	30,452	(240,987)	(210,535)
<i>Fund Cash Balances, January 1</i>	<u>119,014</u>	<u>821,324</u>	<u>940,338</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	580,337	580,337
Assigned	139,920	0	139,920
Unassigned (Deficit)	9,546	0	9,546
<i>Fund Cash Balances, December</i>	<u>\$149,466</u>	<u>\$580,337</u>	<u>\$729,803</u>

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

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**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Township**

The constitution and laws of the State of Ohio establish the rights and privileges of Seal Township, Pike County, as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection within the township.

The Township participates in the Ohio Township Management Authority (OTARTMA) which is an insurance risk-sharing pool available to Ohio Townships, Note 8 provides additional information regarding this entity.

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

**B. Accounting Basis**

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

**C. Cash and Deposits**

The Township deposits all available funds in an interest earning checking account at a local commercial bank. All deposits are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

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**2. Special Revenue Funds**

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

MVLT Fund - This fund receives motor vehicle licence tax money to pay for Constructing, maintaining, and repairing Township roads.

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**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund – This fund receives tax levy and cemetery activities money to pay for constructing, maintaining, and repairing Township cemeteries.

Fire Fund – This fund receives tax levy money for the constructing, maintaining, and repairing of Township Fire Equipment and facilities for the purpose of fire protection.

**E. Budgetary Process**

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

**1. 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 Seal Township Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. 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.

**3. 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2018 and 2017 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**3. 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.

**4. Assigned**

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

**5. 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.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2018
Demand deposits	\$729,803
Total deposits	729,803

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2018 follows:

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

2018 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$209,000	\$106,669	\$102,331
Special Revenue	1,262,234	701,118	561,116
Total	\$1,471,234	\$807,787	\$663,447

2018 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,464	\$137,121	\$46,657
Special Revenue	452,691	460,131	7,440
Total	\$543,155	\$597,252	\$54,097

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the state, and are reflected in the accompanying financial statements 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30<sup>th</sup>.

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

**5. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Cemetery Land Purchase	\$151,123	3.65%
Fire House Addition Bonds	863,000	4.00%
Total	\$1,014,123	

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

The Township issued general obligation bonds to finance the purchase of additional cemetery land and to construct roads and develop sections within the cemetery acquisition. The Township's taxing authority collateralized the bonds. The full obligation cost was \$185,000 with \$2,000 in principle being paid in 2015. Annual payments will be \$16,926(15 year term @ 3.65% interest) paid to Ohio Valley Bank of Gallipolis, Ohio.

The Township issued general obligation bonds to finance and construct the addition to the fire house building on Main Street in Piketon, Ohio located within Seal Township. The building addition allows the fire dept to better develop the skills required of fire fighting and improves the fire protection capabilities of the fire dept. within Seal Township and outreaching communities. The Township's taxing authority collateralized the bonds. The full obligation cost was \$900,000 with \$2,000 in principle being paid in 2017. Annual payments will be approximately \$64,000/year (20 year term @ 4.0% interest) paid to Ohio Valley Bank of Gallipolis, Ohio.

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

Year Ending December 31:	Cemetery Land Acquisition	Fire House Bonds
2019	\$16,926	\$64,148
2020	16,927	64,174
2021	16,927	64,162
2022	16,926	64,111
2023	16,927	64,121
2024-2029	101,557	832,548
Total	\$186,190	\$1,153,264

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (OPERS) of Ohio. 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 contributions rates. For 2018, OPERS members contributed 10.0 percent of their gross salaries and the Township contributed an amount equaling 14.0 percent of participant's gross salaries. The Township has paid contributions required through December 31, 2018.

**7. POST EMPLOYMENT BENEFITS**

OPERS offers a 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 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**SEAL TOWNSHIP  
PIKE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**8. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (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:  
2018

Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

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

Seal Township  
Pike County  
P.O. Box 262  
Piketon, Ohio 45661

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Seal Township, Pike County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 23, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

June 23, 2020



SEAL TOWNSHIP  
PIKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, 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.

Due to inaccurate accounting and financial statement preparation, the Township's accounting records and financial statements contained the following errors:

- Intergovernmental receipts were incorrectly posted as Property Tax receipts in the amount of \$2,582 in the Road and Bridge Fund, \$6,471 in the Cemetery Fund, and \$16,222 in the Fire Fund in 2019.
- General fund balance was incorrectly classified as Unassigned instead of Assigned in the amount of \$139,920 in 2018 and \$157,279 in 2019.
- General Fund Appropriations Authority disclosed in the 2019 notes to the financial statements were overstated by \$9,545
- Special Revenue Fund Appropriations Authority disclosed in the 2019 notes to the financial statements were overstated by \$33,973
- Property Tax receipts were incorrectly posted as Intergovernmental receipts in the amount of \$19,165 in the General Fund, \$18,461 in the Road and Bridge Fund, \$50,455 in the Cemetery Fund, and \$121,026 in the Fire Fund in 2018.
- Intergovernmental receipts of \$3,247 were incorrectly posted to the Road and Bridge fund instead of the Cemetery fund in 2018.
- Special Revenue Budgeted Receipts disclosed in the 2018 notes to the financial statements were overstated by \$29,044
- The Special Revenue Actual Receipts disclosed in the 2018 notes to the financial statements were overstated by \$137,117

The Township corrected the financial statements, notes and accounting records, where appropriate.

The Township made additional errors in classifying receipt and disbursement transaction line items in various funds in the Statement of Receipts, Disbursements, and Changes in Fund Balances in amounts ranging from \$14 to \$2,400 in 2019 and in the amount of \$45,695 in 2018. The Township did not correct the financial statements for all these errors.

**FINDING NUMBER 2019-001  
(Continued)**

Failure to accurately post and report transactions in the financial statements and notes could result in material errors in the Townships financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which effect the overall available cash position of the Township.

The Township should accurately record financial transactions.

**Officials' Response:**

The Officials did not respond to this finding.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**SEAL TOWNSHIP**

**PIKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 9, 2020**