



**ROSS TOWNSHIP  
GREENE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**OHIO AUDITOR OF STATE  
KEITH FABER**





ROSS TOWNSHIP  
GREENE COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Ross Township  
Greene County  
268 Watkins Road  
Jamestown, Ohio 45335

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Ross Township, Greene County, Ohio (the Township).

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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, 2020 and 2019, 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 for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, 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 11 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may 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 October 21, 2021, 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

October 21, 2021

**Ross Township  
Greene 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$48,728	\$114,096	\$162,824
Licenses, Permits and Fees	830	6,700	7,530
Intergovernmental	32,275	189,659	221,934
Earnings on Investments	1,501	926	2,427
Miscellaneous	1,929	6,396	8,325
<i>Total Cash Receipts</i>	<u>85,263</u>	<u>317,777</u>	<u>403,040</u>
<b>Cash Disbursements</b>			
Current:			
General Government	65,127	6,007	71,134
Public Safety	15,774	27,581	43,355
Public Works		208,601	208,601
Health	2,702	2,484	5,186
Human Services		38,855	38,855
Capital Outlay		3,521	3,521
<i>Total Cash Disbursements</i>	<u>83,603</u>	<u>287,049</u>	<u>370,652</u>
<i>Net Change in Fund Cash Balances</i>	1,660	30,728	32,388
<i>Fund Cash Balances, January 1</i>	<u>27,192</u>	<u>151,504</u>	<u>178,696</u>
<i>Fund Cash Balances, December 31</i>	<u>\$28,852</u>	<u>\$182,232</u>	<u>\$211,084</u>

See accompanying notes to the financial statements

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**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Ross Township, Greene 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 and cemetery maintenance. The Township contracts with Silvercreek Township and Cedarville Township to provide fire services and emergency medical services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). 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 which is 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:

***Gasoline Tax Fund*** - The gasoline 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*** - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

***Ambulance and Emergency Medical Services Fund*** - This fund receives property tax money to provide for fire and emergency medical services.

***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 (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).

**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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

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.

***Budgetary Process***

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

***Deposits***

The Township only has depository bank accounts.

***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.

***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.

**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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

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

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

For regulatory cash reporting purposes, limited disclosures related to fund balance is included in Note 10.

**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	\$71,600	\$85,263	\$13,663
Special Revenue	272,559	317,777	45,218
Total	\$344,159	\$403,040	\$58,881

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,195	\$83,723	\$19,472
Special Revenue	450,506	287,744	162,762
Total	\$553,701	\$371,467	\$182,234

**Note 4 – Deposits**

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

	2020
Demand deposits	\$211,084
Total deposits	211,084

**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.

**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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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.

Public utilities are also taxed on personal and real property located within the Township.

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

**Note 6 – Risk Management**

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

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

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

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$ 10,894,146

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2020**

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**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 - Compliance**

The Township did not comply with Ohio Rev. Code §§ 505.24(C) and 507.09(D) related to the allocation of officials' compensation from non-general funds.

**Note 10 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$120	\$695	\$815
Total	\$120	\$695	\$815

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

**Note 11 – COVID-19**

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

During 2020, the Township received \$47,227 in CARES Act funding. Of the amounts received, \$8,374 was returned to the granting agency. The amount returned to the granting agency were reflected as a reduction of intergovernmental revenue in the coronavirus relief special revenue fund.

**Note 12 – Subsequent Events**

In February 2021, the Township approved to contribute \$25,000 towards the purchase of a new ambulance for Silvercreek Township, who the Township contracts with for emergency medical services.

**Note 13 – Contingent Liabilities**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**Ross Township  
Greene 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$47,181	\$105,318	\$152,499
Licenses, Permits and Fees	850	6,205	7,055
Intergovernmental	22,366	127,456	149,822
Earnings on Investments	1,077	679	1,756
Miscellaneous	528	52,097	52,625
<i>Total Cash Receipts</i>	<u>72,002</u>	<u>291,755</u>	<u>363,757</u>
<b>Cash Disbursements</b>			
Current:			
General Government	62,700	4,572	67,272
Public Safety	12,002	52,092	64,094
Public Works		193,659	193,659
Health	60	6,695	6,755
Capital Outlay		49,100	49,100
<i>Total Cash Disbursements</i>	<u>74,762</u>	<u>306,118</u>	<u>380,880</u>
<i>Net Change in Fund Cash Balances</i>	(2,760)	(14,363)	(17,123)
<i>Fund Cash Balances, January 1</i>	<u>29,952</u>	<u>165,867</u>	<u>195,819</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		151,504	151,504
Assigned	27,192		27,192
<i>Fund Cash Balances, December 31</i>	<u>\$27,192</u>	<u>\$151,504</u>	<u>\$178,696</u>

See accompanying notes to the financial statements

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**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Ross Township, Greene 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 and cemetery maintenance. The Township contracts with Silvercreek Township and Cedarville Township to provide fire services and emergency medical services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). 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 which is 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:

***Gasoline Tax Fund*** - The gasoline 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*** - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

***Ambulance and Emergency Medical Services Fund*** - This fund receives property tax money to provide for fire and emergency medical services.

***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 (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).

**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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

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.

***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. 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 canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits***

The Township only has depository bank accounts.

***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.

***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.

**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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

**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 State Statute.

**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	\$71,957	\$72,002	\$45
Special Revenue	242,799	291,755	48,956
Total	\$314,756	\$363,757	\$49,001

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,190	\$74,762	\$3,428
Special Revenue	347,514	306,118	41,396
Total	\$425,704	\$380,880	\$44,824

**Note 4 – Deposits**

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

Demand deposits	2019 \$178,696
Total deposits	178,696

**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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**Note 4 – Deposits (Continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Property Taxes**

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

Public utilities are also taxed on personal and real property located within the Township.

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

**Note 6 – Risk Management**

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

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

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

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

**Ross Township  
Greene County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

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**Note 7 – Defined Benefit Pension Plans (Continued)**

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.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Equipment Bond	\$3,469	3.20%
Total	<u>\$3,469</u>	

In 2017, the Township issued equipment bonds in the amount of \$20,000 to finance the purchase of a tractor and mower for Township road maintenance. The bonds are being repaid in semi-annual installments of \$3,525 through April 2020.

***Amortization***

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

<u>Year Ending December 31:</u>	<u>Equipment Bond</u>
2020	<u>\$3,525</u>
Total	<u>\$3,525</u>

**Note 10 – Compliance**

The Township did not comply with Ohio Rev. Code §§ 505.24(C) and 507.09(D) related to the allocation of officials' compensation from non-general funds.

**Note 11 – Subsequent Events**

In April 2020, the Township approved an agreement between the Greene County Engineer and the Township to chip seal Brickel Road and Little Road in the Township in the amount of \$31,173.

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# OHIO AUDITOR OF STATE KEITH FABER



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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

Ross Township  
Greene County  
268 Watkins Road  
Jamestown, Ohio 45335

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 for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Ross Township, Greene County, (the Township) and have issued our report thereon dated October 21, 2021, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township.

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

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

*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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

***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 financial statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

***Township'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 subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

October 21, 2021



**ROSS TOWNSHIP  
GREENE COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness – Financial Statement Errors**

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.

The following errors were identified and adjusted on the 2019 financial statements:

- The Township incorrectly recorded a portion of the Township house's propane disbursements resulting in an overstatement of special revenue fund public works disbursements and an understatement of special revenue fund balance in the amount of \$1,759 (\$213 for permissive tax fund, \$1,290 for road and bridge fund, and \$256 for gasoline tax fund). This error also resulted in an understatement of general government disbursements and overstatement of fund balance in the general fund in the amount of \$1,759. This error has been corrected in the Township's accounting system.
- The Township incorrectly recorded the Township house internet disbursements resulting in an overstatement of special revenue fund (motor vehicle license tax fund) public works disbursements and an understatement of special revenue fund (motor vehicle license tax fund) balance in the amount of \$649. This error also resulted in an understatement of general government disbursements and overstatement of fund balance in the general fund in the same amount. This error has been corrected in the Township's accounting system.
- The Township incorrectly recorded property tax receipts as intergovernmental receipts resulting in an understatement of property and other local taxes receipts and an overstatement of intergovernmental receipts in the amount of \$8,159 and \$17,662 in the general fund and special revenue fund, respectively.
- The Township incorrectly recorded homestead and rollback receipts resulting in an overstatement of property and other taxes and an understatement of intergovernmental receipts in the amount of \$4,472 in the general fund.
- The Township received an insurance claim reimbursement in the amount of \$35,000 for a stolen truck and the insurance proceeds were used to purchase a new truck. The Township incorrectly recorded the claim reimbursement as a reduction of revenue (after it initially had been recorded as revenue) in the accounting system. Therefore, the receipt and related disbursement was not reported on the financial statements. As a result, capital outlay disbursements and miscellaneous receipts for the special revenue fund were understated by \$35,000.
- The Township's insurance carrier made a payment on-behalf of the Township in the amount of \$12,480 for the rental of a dump truck. The Township did not record the on-behalf payment to the accounting system. As a result, public works expenditures and miscellaneous receipts in the special revenue fund were understated by \$12,480.

The following errors were identified and adjusted on the 2020 financial statements:

- The Township incorrectly recorded property tax receipts as intergovernmental receipts resulting in an understatement of property and other local taxes receipts and an overstatement of intergovernmental receipts in the amount of \$10,795 and \$20,398 in the general fund and special revenue fund, respectively.

**FINDING NUMBER 2020-001**  
**(Continued)**

- The Township incorrectly recorded homestead and rollback receipts resulting in an overstatement of property and other taxes and an understatement of intergovernmental receipts in the amount of \$5,845 in the general fund.
- The Township incorrectly recorded property taxes resulting in an overstatement of special revenue fund (permissive motor vehicle license tax fund) earnings on investments and fund balance in the amount of \$5,264. This error also resulted in an understatement of special revenue fund (ambulance and emergency medical services fund) property and other local taxes receipts and fund balance in the same amount. This error has been corrected in the Township's accounting system.
- The Township recorded a county levied permissive tax receipt to the wrong fund resulting in an overstatement of motor vehicle license tax fund balance and an understatement of permissive motor vehicle license tax fund balance in the amount of \$852. These are both special revenue funds. This error has been corrected in the Township's accounting system.

The above errors occurred when posting transactions to the accounting system. Failure to properly record financial activity could lead to material financial statement errors and users of the financial statements basing their conclusions on incorrect information.

The Township should establish and implement procedures to verify that all financial activity is recorded correctly.

**Officials' Response:** The Trustees and the Fiscal Officer will review and correct posting transactions into UAN going forward. Also Ross Township is developing a capital expense policy and the issue with insurance claim will not happen in the future. Ross Township is continuing to establish and implement new procedures to verify that all financial activity is recorded correctly.

**FINDING NUMBER 2020-002**

**Noncompliance and Material Weakness**

**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.

For 2019, Trustee Spahr's monthly time certifications indicated that 43% of the time was spent on general fund activities, 21% of the time was spent on motor vehicle license tax fund activities, 9% of the time was spent on gasoline tax fund activity, and 27% of the time was spent on road and bridge activities; however, the salary for Trustee Spahr was allocated 43% to the general fund, 22% to the motor vehicle license tax fund, 14% to the gasoline tax fund, and 21% to the road and bridge Fund. Additionally, the related employer contributions (Ohio Public Employees Retirement System (OPERS) and Medicare) paid did not follow the payroll allocation.

**FINDING NUMBER 2020-002**  
**(Continued)**

For 2019, Trustee Brown's monthly time certifications indicated that 43% of the time was spent on general fund activities, 21% of the time was spent on motor vehicle license tax fund activities, 7% of the time was spent on gasoline tax fund activities, and 29% of the time was spent on road and bridge activities; however, the salary for Trustee Brown was allocated 43% to the general fund, 21% to the motor vehicle license tax fund, 13% to the gasoline tax fund, and 23% to the road and bridge fund. Additionally, the related employer contributions (OPERS and Medicare) paid did not follow the payroll allocation.

For 2019, Trustee Hart's monthly time certifications indicated that 43% of the time was spent on general fund activities, 22% of the time was spent on motor vehicle license tax fund activities, 9% of the time was spent on gasoline tax fund activities, and 26% of the time was spent on road and bridge activities; however, the salary for Trustee Hart was allocated 43% to the general fund, 21% to the motor vehicle license tax fund, 15% to the gasoline tax fund, and 21% to the road and bridge fund. Additionally, the related employer contributions (OPERS and Medicare) paid did not follow the payroll allocation.

During 2020, all Trustees' salaries were properly allocated based on monthly time certifications; however, the related employer contributions (OPERS and Medicare) paid did not follow the payroll allocation.

**Ohio Rev. Code § 507.09(D)** sets forth the method by which township fiscal officer's compensation should be allocated. By summary, Ohio Revised Code § 507.09(D) permits fiscal officers to be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund.

For 2019 and 2020, the fiscal officer's monthly time certifications indicated that 100% of the time was spent on general fund activities. Salary for the fiscal officer was allocated 100% to the general fund; however, the related employer contributions (OPERS and Medicare) paid did not follow the payroll allocation.

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:

- In 2019 the misallocation of payroll and employer benefits resulted in the general fund general government disbursements being understated and general fund balance being overstated by \$4,024. In addition, the following errors were identified in the special revenue funds: Motor vehicle license tax fund general government disbursements were overstated and related fund balance was understated by \$1,465; Gasoline tax fund public works disbursements were overstated and related fund balance was understated by \$5,315; and road and bridge fund public works disbursements were understated and related fund balance was overstated by \$2,756. These errors have been corrected in the Township's accounting system.
- In 2020, the misallocation of employer benefits resulted in the general fund general government disbursements being understated and general fund balance was overstated by \$4,430. In addition, the following errors were identified in the special revenue funds: Motor vehicle license tax fund general government disbursements were overstated and related fund balance was understated by \$665; and gasoline tax fund public works disbursements were overstated and related fund balance was understated by \$3,765. This error has been corrected in the Township's accounting system.

Failure to properly record trustee and fiscal officer salaries and employer-paid benefits as documented in the monthly time certifications could result in materially misstated financial statements and management making decisions on inaccurate financial information.

**FINDING NUMBER 2020-002**  
**(Continued)**

The Township should approve and implement policies and procedures to help ensure compensation (salary and benefits) and certifications are made in accordance with Ohio Rev. Code § 505.24 and Ohio Rev. Code § 507.09.

**Officials' Response:** The Trustees and the Fiscal Officer will review the Ohio Rev. Code Section 505.24(C) and make the necessary changes to their current procedures in order for the Trustee salaries to be properly allocated based on the duties performed in a given month.

# OHIO AUDITOR OF STATE KEITH FABER



**ROSS TOWNSHIP**

**GREENE 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 11/16/2021**

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](http://www.ohioauditor.gov)