



**ELIZABETH TOWNSHIP
LAWRENCE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018**

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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

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OHIO AUDITOR OF STATE KEITH FABER



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(800) 282-0370

Board of Trustees
Elizabeth Township
265 County Road 26
Ironton, OH 45638

We have reviewed the *Independent Auditor's Report* of Elizabeth Township, Lawrence County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Adjustment

In accordance with Ohio Rev. Code §117.43, the Township contracted with Perry and Associates to perform the 2019-2018 audit of the Township's financial statements.

Ohio Admin. Code §117-2-01(D)(5) states that when public offices are designing their system of internal control they should ensure that accounting records are properly designed and also verify the existence of assets and liabilities and periodically reconcile them to the accounting records.

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

During the course of the performing the audit, Perry & Associates found the following posting errors:

For 2019:

- State Rollback and Manufactured Home receipts were posted to incorrect funds
- Some Property Tax receipts were posted to incorrect funds

For 2018:

- The Township posted unsupported fund balance adjustments between funds
- The Township posted and then reversed 2017-2016 audit adjustments between funds
- State Rollback and Manufactured Home receipts were posted to incorrect funds

Board of Trustees
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Ironton, OH 45638
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The adjustments for correcting the errors listed above that were not posted to the Township's accounting system or financial statements would have the following effect: reduce the Gasoline Tax Fund, in the amount of \$3,231; reduce the Road and Bridge Fund, in the amount of \$8,817; increase the General Fund, in the amount of \$3,249; and increase the Elizabeth Township VFD Fund, in the amount of \$8,799.

In accordance with the forgoing facts, we hereby issue a finding for adjustment against the Gasoline Tax Fund, in the amount of \$3,231 against the Road and Bridge Fund, in the amount of \$8,817 and in favor of the General Fund, in the amount of \$3,249, and in favor the Elizabeth Township VFD Fund in, the amount of \$8,799.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Elizabeth Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

November 02, 2022

ELIZABETH TOWNSHIP
LAWRENCE COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 15, 2022

Elizabeth Township
Lawrence County
265 County Road 26
Ironton, Ohio 45638

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 **Elizabeth Township**, Lawrence County, (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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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.

Basis for Additional Opinion Qualification

During 2019 and 2018, the Township had other adjusting factors in cash of \$63,230 that effected the general and special revenue funds. The Township did not provide proof of adjustments and the accompanying financial statements do not reflect them. Had the Township provided proof of adjustments the General Fund would have been \$46,705 and \$42,294 for December 31, 2019 and 2018 respectively. The Motor Vehicle License Tax would have been \$2,926 and \$1,698 for December 31, 2019 and 2018 respectively. The Gasoline Tax Fund would have been \$40 and \$20,879 for December 31, 2019 and 2018 respectively. The Road and Bridge Fund would have been \$5,684 and \$4,594 for December 31, 2019 and 2018 respectively. The Fire District Fund would have been \$9,094 and \$4,419 for December 31, 2019 and 2018 respectively. The Miscellaneous Special Revenue Fund would have been \$0 for December 31, 2019 and 2018 respectively.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, 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 the Elizabeth Township, Lawrence 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 11 to the financial statements in 2019 and Note 9 to the financial statements in 2018, the financial impact of COVID-19 and the ensuing 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 August 15, 2022, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ELIZABETH TOWNSHIP
LAWRENCE 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 37,426	\$ 42,160	\$ 79,586
Intergovernmental	16,763	139,852	156,615
Earnings on Investments	37	25	62
Miscellaneous	100	-	100
<i>Total Cash Receipts</i>	<u>54,326</u>	<u>182,037</u>	<u>236,363</u>
Cash Disbursements			
Current:			
General Government	40,194	6,242	46,436
Public Safety	-	28,868	28,868
Public Works	1,055	106,226	107,281
Capital Outlay	-	97,180	97,180
<i>Total Cash Disbursements</i>	<u>41,249</u>	<u>238,516</u>	<u>279,765</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,077</u>	<u>(56,479)</u>	<u>(43,402)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	-	97,180	97,180
Other Financing Sources	17	-	17
<i>Total Other Financing Receipts (Disbursements)</i>	<u>17</u>	<u>97,180</u>	<u>97,197</u>
<i>Net Change in Fund Cash Balances</i>	13,094	40,701	53,795
<i>Fund Cash Balances, January 1</i>	<u>31,981</u>	<u>41,903</u>	<u>73,884</u>
Fund Cash Balances, December 31			
Restricted	-	82,604	82,604
Unassigned	45,075	-	45,075
<i>Fund Cash Balances, December 31</i>	<u>\$ 45,075</u>	<u>\$ 82,604</u>	<u>\$ 127,679</u>

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

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Elizabeth Township, Lawrence County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire services from the Elizabeth Township Volunteer Fire Department.

Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 7 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 are organized on a fund type basis.

Fund Accounting

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

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

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

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

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

Fire Fund This fund receives property tax money for providing fire protection services for the residents of the Township.

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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.

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

A summary of 2019 budgetary activity appears in Note 4.

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.

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (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 by 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.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report items as assets.

Note 3 – Compliance

Contrary to Ohio law, the Township did not approve an annual appropriation resolution for 2019. Budgetary expenditures exceeded appropriation authority in the General Fund by \$43,883, the Motor Vehicle License Fund by \$8,715, the Gasoline Tax Fund by \$228,428, the Road & Bridge Fund by \$12,355, FEMA Fund by \$20,302, the Public Works Commission Project Fund by \$862, and the Elizabeth Twp. Volunteer Fire Dept. Fund by \$31,036 for the year ended December 31, 2019.

Note 4 – 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	\$ 35,310	\$ 54,343	\$ 19,033
Special Revenue	136,759	279,217	142,458
Total	\$ 172,069	\$ 333,560	\$ 161,491

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 41,572	\$ (41,572)
Special Revenue	-	239,595	(239,595)
Total	\$ -	\$ 281,167	\$ (281,167)

Note 5 – Deposits

The Township maintains a deposits and investments pool all funds use. 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	\$ 64,449
Total deposits	\$ 64,449

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Property Taxes

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

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

Note 7 – Risk Management

Risk Pool Membership

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

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

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

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

	2019
Cash and investments	\$ 35,207,320
Actuarial liabilities	\$ 10,519,942

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offer 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 10 – Debt

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

	Principal	Interest Rate
Case Backhoe	\$ 79,437	3.80%
Total	\$ 79,437	

The Township entered into a debt agreement to finance the purchase of a new Case Backhoe for Township road maintenance. The Township made a debt payment during 2019 of \$17,743. However, this payment was not recorded in the accounting system.

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt (Continued)

Amortization

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

Year Ending December 31:	Case Backhoe Note
2020	\$ 20,762
2021	20,202
2022	19,621
2023	19,018
2024	18,393
Total	<u>\$ 97,996</u>

Note 11 – Subsequent Events

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 ensuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**ELIZABETH TOWNSHIP
LAWRENCE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 22,352	\$ 56,598	\$ 78,950
Intergovernmental	18,980	103,748	122,728
Earnings on Investments	51	36	87
Miscellaneous	100	-	100
<i>Total Cash Receipts</i>	<u>41,483</u>	<u>160,382</u>	<u>201,865</u>
Cash Disbursements			
Current:			
General Government	45,764	496	46,260
Public Safety	-	18,735	18,735
Public Works	4,505	102,333	106,838
Other	-	44,113	44,113
<i>Total Cash Disbursements</i>	<u>50,269</u>	<u>165,677</u>	<u>215,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,786)</u>	<u>(5,295)</u>	<u>(14,081)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	7,185	-	7,185
Other Financing Sources	1,552	-	1,552
<i>Total Other Financing Receipts (Disbursements)</i>	<u>8,737</u>	<u>-</u>	<u>8,737</u>
<i>Net Change in Fund Cash Balances</i>	(49)	(5,295)	(5,344)
<i>Fund Cash Balances, January 1 (Restated, See Note 9)</i>	<u>32,400</u>	<u>46,828</u>	<u>79,228</u>
Fund Cash Balances, December 31			
Restricted	-	41,533	41,533
Unassigned	32,351	-	32,351
<i>Fund Cash Balances, December 31</i>	<u>\$ 32,351</u>	<u>\$ 41,533</u>	<u>\$ 73,884</u>

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

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Elizabeth Township, Lawrence County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire services from the Elizabeth Township Volunteer Fire Department.

Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

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

Fire Fund This fund receives property tax money for providing fire protection services for the residents of the Township.

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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.

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 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 2018 budgetary activity appears in Note 3.

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.

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (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 by 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.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report items as assets.

Note 3 – Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 37,265	\$ 50,220	\$ 12,955
Special Revenue	140,765	160,382	19,617
Total	\$ 178,030	\$ 210,602	\$ 32,572

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 58,193	\$ 50,269	\$ 7,924
Special Revenue	176,749	165,677	11,072
Total	\$ 234,942	\$ 215,946	\$ 18,996

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

The Township maintains a deposits and investments pool all funds use. 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	\$ 73,884
Total deposits and investments	\$ 73,884

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

Risk Pool Membership

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

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

	2018
Cash and investments	\$ 33,097,416
Actuarial liabilities	\$ 7,874,610

ELIZABETH TOWNSHIP
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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, 2018.

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 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.

Note 9 – Subsequent Events

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 ensuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

August 15, 2022

Elizabeth Township
Lawrence County
265 County Road 26
Ironton, Ohio 45638

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 **Elizabeth Township**, Lawrence 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 August 15, 2022, 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. In addition, we noted the Township received a qualified opinion on the financial statements for 2019 and 2018 due to the Township not making audit adjustments to the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge Fund, Fire District Fund, and Miscellaneous Special Revenue Fund. During 2020 the financial impact of COVID-19 and the ensuing emergency measures will impact the 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 Government'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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Internal Control Over Financial Reporting (Continued)

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 through 2019-003, 2019-005, and 2019-007 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-004 through 2019-009.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ELIZABETH TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness

Posting Receipts and Disbursements

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2018 and 2019, receipts and disbursements were not always posted. The following posting errors were noted:

- In 2019, Debt activity was not always accurately recorded on the financial statements.
- In 2019 and 2018 the notes of the financial statements were filed successfully but were missing certain note disclosures and other note disclosures were adjusted to agree to the financial statements.
- Some property tax receipts were recorded as Property & Other Local Taxes in the General Fund rather than Intergovernmental in the General Fund, Road & Bridge Fund, and the Elizabeth Twp. Vol. Fire Fund in 2019.
- One manufactured home tax receipt was recorded as Property & Other Local Tax in the General Fund rather than the Intergovernmental in the General Fund, Road & Bridge Fund, and the Elizabeth Twp. Vol. Fire Fund in 2019.
- FEMA receipt was recorded as Other Financing Sources rather than Intergovernmental in the FEMA Fund in 2019.
- Public Safety expenses were recorded as Other Expenses rather than Public Safety in the Elizabeth Twp. Vol. Fire Fund in 2019 and 2018.
- Public Works expenses were recorded as Other Expenses rather than Public Works in the Gasoline Tax Fund in 2019 and 2018.
- One State Rollback receipt was recorded as Property & Other Local Taxes in the General Fund rather than Intergovernmental in the General Fund, Road & Bridge Fund, and the Elizabeth Twp. Vol. Fire Fund in 2018.
- Two Manufactured Home receipts were recorded in the Road & Bridge Fund rather than the General and Elizabeth Twp. Vol. Fire Fund in 2018.
- One Manufactured Home receipt was recorded in the General Fund and the Road & Bridge Fund rather than the Road & Bridge Fund and the Elizabeth Twp. Vol. Fire Fund in 2018.
- One State Tax Rollback was recorded in the Road & Bridge Fund rather than the General Fund, Road & Bridge Fund, and Elizabeth Twp. Vol. Fire Fund in 2018.
- One Manufactured Home Rollback receipt was recorded in the Road & Bridge Fund rather than the General Fund, Road & Bridge Fund, and Elizabeth Twp. Vol. Fire Fund in 2018.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The audited financial statements and the Township's UAN accounting system have been adjusted for the issues noted above.

In addition, the financial statements had the following errors that were not corrected:

ELIZABETH TOWNSHIP
LAWRENCE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

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

FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

Posting Receipts and Disbursements (Continued)

For the year ended December 31, 2019:

- The General Fund balance would have been \$1,630 more than the amounts reported on the financial statements
- The Motor Vehicle License Tax Fund balance would have been \$48 less than the amounts reported on the financial statements.
- The Gasoline Tax Fund balance would have been \$42,761 less than the amounts reported on the financial statements.
- The Road and Bridge Fund balance would have been \$8,414 less than the amounts reported on the financial statements.
- The Volunteer Fire Department Fund balance would have been \$6,665 more than the amounts reported on the financial statements.
- The Miscellaneous Special Revenue Fund balance would have been \$20,302 less than the amount reported on the financial statements.

For the year ended December 31, 2018:

- The General Fund balance would have been \$9,943 more than the amounts reported on the financial statements.
- The Gasoline Tax Fund balance would have been \$3,231 less than the amounts reported on the financial statements.
- The Road and Bridge Fund balance would have been \$10,651 less than the amounts reported on the financial statements.
- The Volunteer Fire Department Fund balance would have been \$3,939 more than the amount reported on the financial statements.

The total of the above uncorrected errors would result in the Township's General Fund balance being \$11,573 more, the Motor Vehicle License Tax fund being \$48 less, the Gasoline Tax Fund being \$45,992 less. The Road and Bridge Fund being \$19,065 less, the Fire District Fund being \$10,604 more, and the Miscellaneous Special Revenue Fund being \$20,302 less for December 31, 2019.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all revenues and disbursements are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements [see GASB Cod. 1800.170 and 1800.176].

Management's Response – We did not receive a response from officials to this finding.

ELIZABETH TOWNSHIP
LAWRENCE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

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

FINDING NUMBER 2019-002

Material Weakness

Bank Reconciliations

A necessary step in the internal control over financial reporting is to reconcile the bank balances to the accounting records cash balance each month. Bank reconciliation means accounting for the differences between the balance of the bank statement(s) and the cash and investment balances according to the Township's records.

The Fiscal Officer did not prepare accurate monthly reconciliations of bank to book balances. Outstanding checks and other reconciling items were included on the initial bank reconciliation of the Township and carried forward throughout the audit period. The lack of proper reconciliations among bank statements and ledgers resulted in numerous errors which remained uncorrected until the audit.

The Township's December 31, 2019 bank reconciliation reflected a book over bank balance variance of \$63,230. The Township's December 31, 2018 bank reconciliation reflected a book over bank balance variance of \$102. Adjustments were made to include all activity not previously properly recorded in the Township's accounting system.

Without complete and accurate monthly bank reconciliations, the Township's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities. We recommend the Township complete monthly bank reconciliations in a timely manner. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month to month and all reconciling items should be appropriately documented.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-003

Material Weakness

Supporting Documentation

To help demonstrate disbursements are for a public proper purpose, the voucher package should include a copy of the check, purchase order and invoice, at a minimum.

Invoices were not always attached to vouchers to support the validity of expenditures during 2019 and 2018. Ultimately, the Fiscal Officer was able to provide invoices for all checks tested except for two out of 32 in 2019 and four out of 32 in 2018. This is the result of the Fiscal Officer not review voucher packages to ensure all of the proper documentation is included.

We were able to determine by other means that expenditures appear to be for a proper public purpose. Failure to attach an invoice to the voucher package could result in a violation of public records laws and possible findings for recovery.

All source documentation, including the purchase order, invoice and copy of the check should be attached to each voucher to help provide evidence of the validity of the expenditure.

Management's Response – We did not receive a response from officials to this finding.

ELIZABETH TOWNSHIP
LAWRENCE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

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

FINDING NUMBER 2019-004

Noncompliance

Ohio Rev. Code §117.38 (B) requires all entities to file their financial information in the Hinkle System formerly known as the Annual Financial Data Reporting System (AFDRS). Elizabeth Township is required to file its financial statements and notes within 60 days after the close of the fiscal year.

We reviewed the Hinkle System filing to verify the Township filed their financial information as required for the years ended December 31, 2018, and 2019, although Notes to the Financial Statements had been filed, we found the financial statements were not filed in a timely manner.

In order to have a complete annual financial report filing and to avoid possible penalties (\$25/day late, up to \$750), the fiscal officer must file an annual financial statement and the accompanying notes to those financial statements.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-005

Material Weakness/Noncompliance

Ohio Revised Code § 149.43(B)(1) states, in part, that upon request, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours.

Additionally, management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires documented procedures to provide management with reasonable assurance that recorded transactions occurred and are not fictitious. This includes maintaining sufficient supporting documentation such as invoices.

The Township was unable to provide sufficient appropriate supporting documentation for the following items we selected for testing:

- We noted four of 32 nonpayroll disbursements selected for testing for 2018, totaling \$6,520, and ranging in amounts paid from \$27 to \$4,679, did not contain supporting invoices.
- We noted two of 32 nonpayroll disbursements selected for testing for 2019, totaling \$521, and ranging from \$77 to \$444, did not contain supporting invoices.

Failure to maintain the appropriate supporting documentation could allow errors or irregularities to occur and remain undetected. In addition, the failure of the Township to maintain the supporting documentation for audit could result in the Township receiving a modified opinion on their financial statements in the future.

Management's Response – We did not receive a response from officials to this finding.

ELIZABETH TOWNSHIP
LAWRENCE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

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

FINDING NUMBER 2019-006

Noncompliance

Ohio Rev. Code §149.43(E)(1) states, in part, that all public offices shall adopt a public records policy in compliance with this section for responding to public records requests. In adopting a public records policy under this division, a public office may obtain guidance from the model public records policy developed and provided to the public office by the attorney general under section 109.03 of the Revised Code. Except as otherwise provided in this section, the policy may not limit the number of public records that the public office will make available to a single person, may not limit the number of public records that it will make available during a fixed period of time, and may not establish a fixed period of time before it will respond to a request for inspection or copying of public records, unless that period is less than eight hours.

Ohio Rev. Code §149.43(E)(2) states that the public office shall distribute the public records policy adopted by the public office under division (E)(1) of this section to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy. The public office shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site. A public office that has established a manual or handbook of its general policies and procedures for all employees of the public office shall include the public records policy of the public office in the manual or handbook.

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

The Township did not have an approved public records policy or records retention schedule on file as required, nor was there any evidence that such policies have been adopted. Additionally, the Township has not created a poster that describes its public records policy and posted the poster in a conspicuous place in the public office.

The Township should adopt a public records policy and post it in accordance with the above requirements and should also have a current records retention schedule readily available to the public. The Township may refer to the model public records policy on the Attorney General's website. Failure to do so could result in public records not being properly retained and provided timely to the public.

Management's Response – We are actively working on correcting this finding.

FINDING NUMBER 2019-007

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

ELIZABETH TOWNSHIP
LAWRENCE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

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

FINDING NUMBER 2019-007 (Continued)

Material Weakness/Noncompliance (Continued)

Ohio Administrative Code 117-2-02(C)(1) states in part the legal level of control is the level (e.g. fund, program or function, department, object) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. For all local public offices subject to the provisions of Chapter 5705 of the Revised Code, except school districts and public libraries, the minimum legal level of control is described in Section 5705.38 of the Revised Code. Ohio Revised Code 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than schools: appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department and division, and, within each, the amount appropriated for personal services.

The Township’s appropriations did not meet the minimum legal level of control for the year ended December 31, 2019. In 2019, the Township’s board of Trustees approved an appropriation resolution that was the amount in total and was not broken out by fund, function, or object level.

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making expenditure unless it has been properly appropriated. The following funds exceeded appropriations for the year end December 31, 2019: General Fund by \$43,883, the Motor Vehicle License Fund by \$8,715, the Gasoline Tax Fund by \$228,428, the Road & Bridge Fund by \$12,355, FEMA Fund by \$20,302, the Public Works Commission Project Fund by \$862, and the Elizabeth Twp. Volunteer Fire Dept. Fund by \$31,036 for the year ended December 31, 2019.

Failure to monitor budgetary activity can result in overspending and negative fund balances. We recommend the Township ensures its annual appropriation resolution is passed in a timely manner. We also recommend the Fiscal Officer deny any payments until the legislative authority has passed the necessary changes to the appropriation measure. There is some indication that management has monitored the Township’s budgetary receipts and expenditures, and we recommend that the Township continue to monitor receipts and expenditures.

By regularly monitoring its budgetary position throughout the year, the Township will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances and will be better prepared for making decisions which affect the overall cash position of the Township. The Township should refer to the Ohio Compliance Supplement and Township Handbook for guidance on the legal budgetary process.

Management’s Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-008

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision’s fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

ELIZABETH TOWNSHIP
LAWRENCE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

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

FINDING NUMBER 2019-008 (Continued)

Noncompliance (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 34% of the expenditures tested for 2019.

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.

ELIZABETH TOWNSHIP
LAWRENCE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

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

FINDING NUMBER 2019-009

Noncompliance

26 USC Section 3403 states that “the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of such payment”.

Additionally, **Ohio Rev. Code Section 5747.07(B)(3)**, in part, states that if an employer’s actual or required payments were more than two thousand dollars during the twelve-month period ending on the thirtieth day of June of the preceding calendar year, the employer shall make the payment of un-deposited taxes for each month during which they were required to be withheld no later than fifteen days following the last day of that month. The employer shall file the return prescribed by the tax commissioner with the payment.

Based on testing we concluded payments are late for Federal and State due to multiple payments being made in the month of October 2019, with no additional payments made during the year. However, there is no documentation or knowledge of late payment fees that the Township owes or has paid.

The Township should implement procedures to verify that federal and state income taxes are properly remitted to the IRS and Ohio Department of Taxation and required returns are filed at that time.

Management’s Response – We did not receive a response from officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



ELIZABETH TOWNSHIP

LAWRENCE 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 11/15/2022

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