



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BUFFALO TOWNSHIP  
NOBLE COUNTY  
DECEMBER 31, 2020 AND 2019**

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**INDEPENDENT AUDITOR'S REPORT**

Buffalo Township  
Noble County  
51746 Old Infirmary Road  
Pleasant City, Ohio 43772

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 years ended December 31, 2020 and 2019 and the related notes of the Buffalo Township, Noble 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 § 117.38 and Ohio Administrative Code 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 § 117.38 and Ohio Administrative Code 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 § 117.38 and Ohio Administrative Code 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 year 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 2019 and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117- 2-03(D) permits, described in Note 2.

***Emphasis of Matters***

As discussed in Note 13 to the financial statements for 2020 and 2019, the financial impact of COVID-19 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 March 1, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 1, 2022

**BUFFALO TOWNSHIP  
NOBLE 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**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$25,316	\$14,965	\$40,281
Charges for Services	0	3	3
Licenses, Permits and Fees	30	0	30
Intergovernmental	14,237	129,717	143,954
Earnings on Investments	24	11	35
Miscellaneous	2,559	37,142	39,701
<i>Total Cash Receipts</i>	<u>42,166</u>	<u>181,838</u>	<u>224,004</u>
<b>Cash Disbursements</b>			
Current:			
General Government	26,894	0	26,894
Public Safety	0	38,483	38,483
Public Works	0	174,100	174,100
<i>Total Cash Disbursements</i>	<u>26,894</u>	<u>212,583</u>	<u>239,477</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>15,272</u>	<u>(30,745)</u>	<u>(15,473)</u>
<b>Other Financing Receipts</b>			
Other Financing Sources	0	119	119
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>119</u>	<u>119</u>
<i>Net Change in Fund Cash Balances</i>	15,272	(30,626)	(15,354)
<i>Fund Cash Balances, January 1</i>	<u>75,633</u>	<u>108,418</u>	<u>184,051</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$90,905</u></u>	<u><u>\$77,792</u></u>	<u><u>\$168,697</u></u>

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

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**Buffalo Township**  
*Noble 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 Buffalo Township, Noble 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, fire protection. The Township contracts with the Caldwell Fire Company, the Village of Pleasant City and the Belle Valley Volunteer Fire Company to provide fire services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides 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:

***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.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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).

**Buffalo Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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 2020 budgetary activity appears in Note 4

***Deposits and Investments***

The Township’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2020, due to no adoption of the appropriation measure for 2020.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,110	\$42,166	\$5,056
Special Revenue	131,090	181,957	50,867
Total	\$168,200	\$224,123	\$55,923

**Buffalo Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 4 – Budgetary Activity (Continued)**

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$26,894	(\$26,894)
Special Revenue	0	212,583	(212,583)
Total	\$0	\$239,477	(\$239,477)

**Note 5 – Deposits and Investments**

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

<i>Cash Management Pool:</i>	2020
Demand deposits	\$168,697

The Township does not use a separate payroll clearing checking account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**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**

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

**Buffalo Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 – Risk Management (Continued)**

- 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:

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

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 8 – 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.

**Note 9 – 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 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

**Buffalo Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Debt (Continued)**

	Principal	Interest Rate
Dump Truck Note	\$14,436	4.75%

The Township borrowed \$35,075 from the Farmers and Merchants Bank for a dump truck. The Township will make 59 payments of \$657.90 starting December 2017.

**Amortization**

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

Year Ending December 31:	Dump Truck Note
2021	7,895
2022	7,237
Total	\$15,132

**Note 11 – 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.

**Note 12 – Related Party Transactions**

The Township does business with the Fiscal Officer’s daughter and a Trustee’s son. The Township hires them to do mowing of Township cemeteries. The Township paid \$2,470 for these services. The Fiscal Officer did not directly hire her daughter for the mowing services. The Trustee did not abstain from voting on the hiring of his son.

**Note 13 – COVID-19**

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

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**BUFFALO TOWNSHIP  
NOBLE 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)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$23,803	\$14,498	\$38,301
Intergovernmental	15,905	154,290	170,195
Earnings on Investments	48	12	60
Miscellaneous	7,305	778	8,083
<i>Total Cash Receipts</i>	<u>47,061</u>	<u>169,578</u>	<u>216,639</u>
<b>Cash Disbursements</b>			
Current:			
General Government	34,630	0	34,630
Public Safety	0	4,065	4,065
Public Works	0	128,911	128,911
Debt Service:			
Principal Retirement	0	6,702	6,702
Interest and Fiscal Charges	0	1,193	1,193
<i>Total Cash Disbursements</i>	<u>34,630</u>	<u>140,871</u>	<u>175,501</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>12,431</u>	<u>28,707</u>	<u>41,138</u>
<b>Other Financing Receipts</b>			
Other Financing Sources	856	0	856
<i>Total Other Financing Receipts</i>	<u>856</u>	<u>0</u>	<u>856</u>
<i>Net Change in Fund Cash Balances</i>	13,287	28,707	41,994
<i>Fund Cash Balances, January 1</i>	<u>62,346</u>	<u>79,711</u>	<u>142,057</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	102,206	102,206
Assigned	75,633	6,212	81,845
<i>Fund Cash Balances, December 31</i>	<u><u>\$75,633</u></u>	<u><u>\$108,418</u></u>	<u><u>\$184,051</u></u>

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

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**Buffalo Township**  
*Noble 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 the Buffalo Township, Noble 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 protection services. The Township contracts with the Caldwell Fire Company, the Belle Valley Volunteer Fire Company, and the Village of Pleasant City to provide fire services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides 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:

***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.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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.

**Buffalo Township**  
*Noble 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)**

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 § 117.38 and Ohio Administrative Code 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 4.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

**Buffalo Township**  
*Noble 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)**

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

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

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

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds from January 1, 2019 to March 31, 2019, due to the adoption of the appropriation measure in April 2019 with no temporary appropriation measure approved.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

Fund Type	2019 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$36,090	\$47,917	\$11,827
Special Revenue	111,210	169,578	58,368
Total	\$147,300	\$217,495	\$70,195

**Buffalo Township**  
*Noble 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	\$116,001	\$34,630	\$81,371
Special Revenue	174,401	140,871	33,530
Total	\$290,402	\$175,501	\$114,901

**Note 5 – Deposits and Investments**

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

	2019
<i>Cash Management Pool:</i>	
Demand deposits	\$148,488
Certificates of deposit	35,563
Total deposits	184,051

The Township does not use a separate payroll clearing checking account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**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**

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

**Buffalo Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 – Risk Management (Continued)**

- 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:

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

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Township is in the Comp Management group rating program.

**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All 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 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 10 – Debt**

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

**Buffalo Township**  
*Noble County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – Debt (Continued)**

	Principal	Interest Rate
Dump Truck Note	\$21,463	4.75%

The Township borrowed \$35,075 from the Farmers and Merchants Bank for a dump truck. The Township will make 59 payments of \$657.90 starting December 2017.

**Amortization**

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

Year Ending December 31:	Dump Truck Note
2020	\$7,895
2021	7,895
2022	7,237
Total	\$23,027

**Note 11 – 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.

**Note 12 – Related Party Transactions**

The Township does business with the Fiscal Officer’s daughter and a Trustee’s son. The Township hires them to do mowing of Township cemeteries. The Township paid \$2,990 for these services. The Fiscal Officer did not directly hire her daughter for the mowing services. The Trustee did not abstain from voting on the hiring of his son.

**Note 13 – COVID-19**

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

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

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

Buffalo Township  
Noble County  
51746 Old Infirmary Road  
Pleasant City, Ohio 43772

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 years ended December 31, 2020 and 2019, and related notes of Buffalo Township, Noble County, Ohio (the Township), and have issued our report thereon dated March 1, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the financial impact of COVID-19, which 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 through 2020-003 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 items 2020-001 and 2020-004.

***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

March 1, 2022



**BUFFALO TOWNSHIP  
NOBLE COUNTY**

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

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

**FINDING NUMBER 2020-001**

**Noncompliance/Material Weakness**

Ohio Rev. Code § 5705.38(A) requires 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 no later than April 1.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

The Board of Trustees did not adopt a permanent appropriation measure for 2019 until April 2019 and did not adopt a permanent appropriation measure for 2020. The Township did not adopt a temporary appropriation measure in 2019 or 2020 to cover the beginning of the year until passage of the permanent appropriation measure. As a result, all expenditures between January 1, 2019 through March 31, 2019 and January 1, 2020 through December 31, 2020, lacked legal appropriation authority.

The Board of Trustees should adopt temporary appropriations when passage of the permanent appropriations is not expected until April 1. The Board of Trustees should adopt appropriations of the Township. This approval should be documented in the minutes and an appropriation resolution should be included with the signatures of the Trustees and the date the resolution was approved. Further, the approved appropriation resolution with the Trustees' signatures and date of approval should be certified to the County Auditor.

**FINDING NUMBER 2020-002**

**Material Weakness**

Maintaining organized documentation and support for financial transactions is essential in assuring the Society's financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Additionally, Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§ 149.38 through 149.42.

The Township did not maintain underlying documentation and support for the following in 2020:

- One out of four payments to a contract worker for mowing services in the amount of \$260;
- A receipt for the 941 refund in the amount of \$261;
- Zoning fee receipts in the amount of \$30;
- Fourteen percent of expenditures tested in the amount of \$49,884;
- Approval of the Zoning Inspector's salary; and
- 3rd Quarter Federal 941.

The Township did not maintain underlying documentation and support for the following in 2019:

- Two out of five payments to a contract for mowing services in the amount of \$520;
- A zoning fee receipt in the amount of \$20;
- Twenty-one percent of expenditures tested in the amount of \$9,321; and
- Approval of the Zoning Inspector's salary.

**BUFFALO TOWNSHIP  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-002 (Continued)**

**Material Weakness (Continued)**

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Township should maintain all invoices and receipts support for all financial transactions and records be maintained in an orderly manner to support all transactions.

**FINDING NUMBER 2020-003**

**Finding for Adjustment/Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Ohio Township Handbook (revised March 2019) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not always record receipts into accurate classifications based upon the source of the receipt.

In addition, the Township did not properly classify its December 31, 2019 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

These reclassifications and adjustments were due to limited oversight by management. The significant reclassifications and adjustments, with which management agrees, were posted to the financial statements and the accounting system of the Township.

As a result of audit procedures performed, the following significant fund balance adjustment was made by client in Township's financial statements for 2020:

- The General Fund was increased by \$1,242 and the Special Revenue Gasoline Tax Fund was decreased by (\$1,242).

As a result of audit procedures performed, the following significant fund balance adjustment was made by client in Township's financial statements for 2019:

- The General Fund was increased by \$2,496 and the Special Revenue Gasoline Tax Fund was decreased by (\$2,496).

**BUFFALO TOWNSHIP  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-003 (Continued)**

**Material Weakness (Continued)**

As a result of audit procedures performed, the following significant misclassifications were made to the Township's financial statements for 2020:

- Homestead and rollback receipts in the amount of \$3,457 were posted to Taxes instead of Intergovernmental in the General Fund;
- House Bill 49 receipts in the amount of \$2,228 were posted to Taxes instead of Intergovernmental in the General Fund;
- House Bill 49 receipts in the amount of \$1,671 were posted to Other Financing Sources instead of Intergovernmental in the General Fund;
- House Bill 49 receipts in the amount of \$1,114 and \$557 were posted to Other Financing Source and Miscellaneous Revenue, respectively, in the Gasoline Tax Fund instead of Intergovernmental in the General Fund;
- BWC and OTARMA refunds in the amount of \$2,559 were posted to Other Financing Sources instead of Miscellaneous Revenue in the General Fund; and
- Zoning fees of \$30 were posted to Other Financing Sources instead of Licenses, Permits and Fees in the General Fund.

As a result of audit procedures performed, the following significant misclassifications made to the Township's financial statements for 2019:

- Homestead and rollback receipts in the amount of \$3,601 were posted to Taxes instead of Intergovernmental in the General Fund;
- House Bill 49 receipts in the amount of \$1,671 were posted to Taxes instead of Intergovernmental in the General Fund;
- House Bill 49 receipts in the amount of \$1,671 were posted to Other Financing Sources instead of Intergovernmental in the General Fund;
- House Bill 49 receipt in the amount of \$557 was posted to Interest instead of Intergovernmental in the General Fund;
- House Bill 49 receipts in the amount of \$2,784 were posted to Intergovernmental in the Gasoline Tax Fund instead of Intergovernmental in the General Fund;
- Local Government receipt in the amount of \$492 was posted to Other Financing Sources instead of Intergovernmental in the General Fund;
- Clearing of outstanding checks in the amount of \$7,305 were posted to Taxes instead of Miscellaneous Revenue in the General Fund;
- Debt principal and interest payments in the amount of \$6,702 and \$1,193, respectively, were posted to Public Works instead of Debt Service in the Gasoline Tax Fund;
- Statement of No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements. We found the Township improperly reported the balances of the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Miscellaneous Special Revenue Fund as committed instead of restricted, in the amounts of \$11,546, \$40,865 and \$36,272, respectively;
- Statement of No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements. We found the Township improperly reported the balance of the Fire District Fund as assigned instead of restricted, in the amount of \$10,926; and
- Statement of No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements. We found the Township improperly reported the balance of the General Fund as assigned instead of unassigned, in the amount of \$73,138.

**BUFFALO TOWNSHIP  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-003 (Continued)**

**Material Weakness (Continued)**

We also noted the following insignificant misclassifications/reclassifications in the Township's financial statements for 2020:

- Homestead and rollback receipts in the amount of \$1,017 and \$424 were posted to Taxes instead of Intergovernmental in the Road and Bridge Fund and Fire District Fund, respectively;
- Permissive motor vehicle license plate tax receipts in the amount of \$1,890 were posted to Taxes instead of Intergovernmental in the Permissive Motor Vehicle License Tax Fund;
- Motor vehicle registration in the amount of \$804 was posted to Taxes in the Permissive Motor Vehicle License Tax Fund instead of Intergovernmental in the Motor Vehicle License Tax Fund;
- House Bill 49 receipt in the amount of \$557 was posted to Intergovernmental in the Gasoline Tax Fund instead of Intergovernmental in the General Fund;
- Royalties in the amount of \$51 were posted to Miscellaneous Revenue in the Motor Vehicle License Tax Fund instead of Miscellaneous Revenue in the General Fund;
- 941 refund in the amount of \$262 was posted to Miscellaneous Revenue in the Gasoline Tax Fund instead of Miscellaneous Revenue in the General Fund;
- Debt principal and interest payments in the amount of \$7,027 and \$893, respectively, were posted to Public Works instead of Debt Service in the Gasoline Tax Fund; and
- Payments for mowing services in the amount of \$4,095 were charged to the object code 112 (Salaries - Trustee's Staff) instead of the object code 329 (Other - Property Services).

We also noted the following insignificant misclassifications/reclassifications in the Township's financial statements for 2019:

- Homestead and rollback receipts in the amount of \$1,059 and \$441 were posted to Taxes instead of Intergovernmental in the Road and Bridge Fund and Fire District Fund, respectively;
- Permissive motor vehicle license plate receipts in the amount of \$1,871 was posted to Taxes instead of Intergovernmental in the Permissive Motor Vehicle License Tax Fund;
- Motor vehicle registration in the amount of \$610 was posted to Taxes in the Permissive Motor Vehicle License Tax Fund instead of Intergovernmental in the Motor Vehicle License Tax Fund;
- BWC refunds in the amount of \$816 were posted to Other Financing Sources instead of Miscellaneous Revenue in the General Fund;
- Zoning fees in the amount of \$40 were posted to Other Financing Sources instead of Licenses, Permits and Fees in the General Fund;
- Statement of No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements. We found the Township improperly reported the balance of the Road and Bridge Fund as assigned instead of committed, in the amount of \$6,212; and
- Payments for mowing services in the amount of \$3,744 were charged to the object code 112 (Salaries - Trustee's Staff) instead of the object code 329 (Other - Property Services).

These reclassifications and adjustments were due to limited oversight by management. These insignificant reclassifications and adjustments were not posted to the financial statements and the accounting system of the Township.

The Fiscal Officer should refer to the Ohio Township Handbook for proper receipt classification to ensure the Township's accounting system and year-end financial statements are properly reported. Also, the Township should adopt control procedures for the review of postings made by the Fiscal Officer.

**BUFFALO TOWNSHIP  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

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

**FINDING NUMBER 2020-004**

**Noncompliance**

**Ohio Rev. Code Chapter 133** authorizes certain methods by which subdivisions may incur debt. Ohio Rev. Code § 133.22, a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute. Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2020 and 2019, the Township made principal payments on outstanding promissory notes in the amount of \$7,027 and \$6,702, respectively. The promissory note was used by the Township to purchase a dump truck.

In 2017, the Township signed a promissory note with a local bank to purchase a dump truck. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133.

**Officials' Response**

We did not receive a response from Officials to the findings reported above.

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# Buffalo Township

Noble County  
51746 Old Infirmary Road  
Pleasant City, Ohio 43772

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS December 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness – Receipts, expenditures and fund balances not properly classified.	Not Corrected	Repeated as Finding 2020-003
2018-002	Material Weakness – Bank reconciliations not performed in a timely manner.	Corrected	N/A
2018-003	Noncompliance – Ohio Rev. Code § 5705.41(D) – 100% of the expenditures tested for 2018 and 2017 were not properly encumbered.	Not Corrected	Repeated as a Management Letter issue.
2018-004	Noncompliance – Ohio Rev. Code § 5705.39 – Appropriations exceeded estimated resources in the MVL Tax, Gas Tax and Fire funds for 2018 and 2017.	Corrected	N/A

# OHIO AUDITOR OF STATE KEITH FABER



**BUFFALO TOWNSHIP**

**NOBLE COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/15/2022**

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