

**LETART TOWNSHIP
MEIGS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Letart Township
49115 Manual Rd
Racine, OH 45771

We have reviewed the *Independent Auditor's Report* of Letart Township, Meigs County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 01, 2022

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**LETART TOWNSHIP
MEIGS COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

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WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Letart Township
Meigs County
49115 Manual Road
Racine, Ohio 45771

To the Township Trustees:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

We have audited the financial statements of Letart Township, Meigs County, Ohio (the Township) which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Letart Township, Meigs County as of December 31, 2021, or changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

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

Additional Opinion Qualification

The Township did not adjust the 2013 or 2012 financial statements to reflect the findings for adjustments.

Contrary to the Ohio Revised Code, the Township allocated trustees' salaries to restricted funds without certifying hours spent providing these services to the Township. The Township has declined to adjust its financial statements or accounting records. Had these expenditures been debited to the General Fund, the net effect would be a decrease in the General Fund cash balance at December 31, 2013 of \$34,648 and increases in the Gasoline Tax Fund and the Road & Bridge Fund cash fund balances of \$24,702 and \$9,946, respectively.

Emphasis of Matter

As described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Our Opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining. On a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2022, on our consideration of Letart Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 21, 2022

**LETART TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 31,107	\$ 104,903	\$ -	\$ 136,010
Licenses, Permits and Fees	2,000	-	-	2,000
Intergovernmental	51,093	271,576	-	322,669
Earnings on Investments	387	5	384	776
Miscellaneous	584	20,393	-	20,977
Total Cash Receipts	<u>85,171</u>	<u>396,877</u>	<u>384</u>	<u>482,432</u>
Cash Disbursements:				
Current:				
General Government	50,305	7,590	-	57,895
Public Safety	-	64,243	-	64,243
Public Works	28,229	266,666	-	294,895
Health	-	48,268	-	48,268
Capital Outlay	-	3,652	-	3,652
Debt Service:				
Principal Retirement	12,458	2,373	-	14,831
Interest and Fiscal Charges	398	71	-	469
Total Cash Disbursements	<u>91,390</u>	<u>392,863</u>	<u>-</u>	<u>484,253</u>
Excess of Receipts Over (Under) Disbursements	(6,219)	4,014	384	(1,821)
Other Financing Receipts (Disbursements)				
Transfers In	-	8,029	-	8,029
Transfers Out	(8,029)	-	-	(8,029)
Advances In	-	294	-	294
Advances Out	(294)	-	-	(294)
Other Financing Sources	8,826	-	-	8,826
Total Other Financing Receipts (Disbursements)	<u>503</u>	<u>8,323</u>	<u>-</u>	<u>8,826</u>
Net Change in Fund Cash Balance	(5,716)	12,337	384	7,005
Fund Cash Balances, January 1, restated	<u>11,471</u>	<u>33,070</u>	<u>43,723</u>	<u>88,264</u>
Fund Cash Balances, December 31	<u>\$ 5,755</u>	<u>\$ 45,407</u>	<u>\$ 44,107</u>	<u>\$ 95,269</u>

See notes to financial statements.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Letart Township, Meigs County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Village of Racine to provide fire protection services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads and bridges.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

C. 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 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 117-2-03(C) permit.

D. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2021 appear in Note 4.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

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

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned

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

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

3. COMPLIANCE

Contrary to Ohio Revised Code Section 5705.38(A), the Township did not file its approved appropriations with the County Auditor.

Contrary to Ohio Revised Code Section 5705.41(B), all funds had expenditures exceeding appropriations.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,498	\$ 93,997	\$ 37,499
Special Revenue	476,284	404,906	(71,378)
Permanent	-	384	384
Total	\$ 532,782	\$ 499,287	\$ (33,495)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 100,567	\$ (100,567)
Special Revenue	-	394,648	(394,648)
Total	\$ -	\$ 495,215	\$ (495,215)

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

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 and investments. A summary of the Township's deposits and investment accounts are as follows:

	2021
<i>Cash Management Pool</i>	
Demand deposits	\$ 95,269
Total Carrying Amount of Deposits and Investments held in Pool	\$ 95,269

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5 DEPOSITS AND INVESTMENTS (Continued)

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

6. PROPERTY TAX

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

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

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

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
- 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 (latest information available):

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

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

8. DEFINED BENEFIT PENSION PLANS

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2021.

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. OPERS contributes 2 percent of the employer contribution to fund these benefits. 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

10. DEBT

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest rate
Backhoe Loan	\$ 7,752	3%
Total	\$ 7,752	

The Township obtained a bank loan during 2017 to finance the purchase of a new backhoe to be used at the cemetery. The backhoe collateralized the loan. This loan will be paid in monthly installments over 5 years with interest at 7%.

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

Year Ended December 31	Backhoe Loan
2022	\$ 7,895
Total	\$ 7,895

11. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member’s deductible.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. CONTINGENT LIABILITIES

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

13. FUND BALANCES

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of those amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus	\$ -	\$ -	\$ -	\$ -
Outstanding Encumbrances	<u>1,148</u>	<u>1,785</u>	<u>-</u>	<u>2,933</u>
Total	<u>\$ 1,148</u>	<u>\$ 1,785</u>	<u>\$ -</u>	<u>\$ 2,933</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

14. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township did receive COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

15. RESTATEMENT OF FUND BALANCE

Fund balances in the General Fund and Special Revenue Funds have been restated for the year beginning January 1, 2021 as voided checks were added back:

	<u>General Fund</u>	<u>Special Revenue</u>
Fund Balance at December 31, 2020	\$ 10,631	\$ 32,835
Adjustments	<u>840</u>	<u>235</u>
Fund Balance at January 1, 2021	<u>\$ 11,471</u>	<u>\$ 33,070</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Letart Township
Meigs County
49115 Manuel Road
Racine, Ohio 45771

To the Township 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 combined total as of and for the year ended December 31, 2020 and the related notes of Letart Township, Meigs County, Ohio.

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(C) 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 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 opinion.

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(C), which is an accounting basis other than accounting principles generally accepted in the United States, 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(C) permit. Our opinion on this accounting basis permitted 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 Letart Township, Meigs County as of December 31, 2020 or changes in financial position thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Township did not adjust the 2013 or 2012 financial statements to reflect the findings for adjustments.

Contrary to the Ohio Revised Code, the Township allocated trustees' salaries to restricted funds without certifying hours spent providing these services to the Township. The Township has declined to adjust its financial statements or accounting records. Had these expenditures been debited to the General Fund, the net effect would be a decrease in the General Fund cash balance at December 31, 2013 of \$34,648 and increases in the Gasoline Tax Fund and the Road & Bridge Fund cash fund balances of \$24,702 and \$9,946, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the *Basis for Qualified Opinion on Regulatory Basis of Accounting*, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and related notes of Letart Township, Meigs County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the 2020 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2022, on our consideration of Letart 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 21, 2022

**LETART TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 31,502	\$ 53,217	\$ -	\$ 84,719
Licenses, Permits and Fees	2,000	12,311	-	14,311
Intergovernmental	19,184	181,945	-	201,129
Earnings on Investments	19	6	-	25
Miscellaneous	11,148	23,530	-	34,678
Total Cash Receipts	<u>63,853</u>	<u>271,009</u>	<u>-</u>	<u>334,862</u>
Cash Disbursements:				
Current:				
General Government	46,949	39,155	-	86,104
Public Safety	-	36,340	-	36,340
Public Works	-	134,265	-	134,265
Health	-	31,401	-	31,401
Human Services	-	1,500	-	1,500
Capital Outlay	-	8,242	-	8,242
Debt Service:				
Principal Retirement	4,860	9,533	-	14,393
Interest and Fiscal Charges	330	577	-	907
Total Cash Disbursements	<u>52,139</u>	<u>261,013</u>	<u>-</u>	<u>313,152</u>
Excess of Receipts Over (Under) Disbursements	11,714	9,996	-	21,710
Other Financing Receipts (Disbursements)				
Transfers In	-	295	-	295
Transfers Out	(295)	-	-	(295)
Other Financing Sources	668	636	-	1,304
Total Other Financing Receipts (Disbursements)	<u>373</u>	<u>931</u>	<u>-</u>	<u>1,304</u>
Net Change in Fund Cash Balance	12,087	10,927	-	23,014
Fund Cash Balances, January 1, restated	<u>(1,456)</u>	<u>21,908</u>	<u>43,723</u>	<u>64,175</u>
Fund Cash Balances, December 31	<u>\$ 10,631</u>	<u>\$ 32,835</u>	<u>\$ 43,723</u>	<u>\$ 87,189</u>

See notes to financial statements.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Letart Township, Meigs County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Village of Racine to provide fire protection services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads and bridges.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

C. 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 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 117-2-03(C) permit.

D. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2020 appear in Note 4.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

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

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned

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

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

3. COMPLIANCE

Contrary to Ohio Revised Code Section 5705.38(A), the Township did not file its approved appropriations with the County Auditor.

Contrary to Ohio Revised Code Section 5705.41(B), all funds had expenditures exceeding appropriations.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,498	\$ 64,521	\$ 8,023
Special Revenue	225,160	271,940	46,780
Total	\$ 281,658	\$ 336,461	\$ 54,803

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 985	\$ 52,434	\$ (51,449)
Special Revenue	1,212	261,013	(259,801)
Total	\$ 2,197	\$ 313,447	\$ (311,250)

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

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 and investments. A summary of the Township's deposits and investment accounts are as follows:

	2020
<i>Cash Management Pool</i>	
Demand deposits	\$ 87,189
Total Carrying Amount of Deposits and Investments held in Pool	\$ 87,189

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

5 DEPOSITS AND INVESTMENTS (Continued)

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

6. PROPERTY TAX

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

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

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

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
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

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

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

8. DEFINED BENEFIT PENSION PLANS

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2020.

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. OPERS contributes 2 percent of the employer contribution to fund these benefits. 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.

10. DEBT

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest rate
Backhoe Loan	\$ 22,583	3%
Total	\$ 22,583	

The Township obtained a bank loan during 2017 to finance the purchase of a new backhoe to be used at the cemetery. The backhoe collateralized the loan. This loan will be paid in monthly installments over 5 years with interest at 7%.

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

Year Ended December 31	Backhoe Loan
2021	\$ 15,300
2022	7,895
Total	\$ 23,195

11. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member’s deductible.

**LETART TOWNSHIP
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

12. CONTINGENT LIABILITIES

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

13. FUND BALANCES

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ -	\$ -
Outstanding Encumbrances	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

14. COVID-19

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

During 2020, the Township received \$43,360 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

15. RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund has been restated for the year beginning January 1, 2020 as voided checks were added back:

	General Fund
Fund Balance at December 31, 2019	\$ (2,081)
Adjustments	625
Fund Balance at January 1, 2020	\$ (1,456)

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Letart Township
Meigs County
49115 Manuel Road
Racine, Ohio 45771

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Letart Township, Meigs County (the Township) and have issued our report thereon dated May 21, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Letart Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-002, 2021-004 and 2021-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Letart Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2021-001, 2021-003 and 2021-006.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 21, 2022

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Noncompliance

Ohio Rev. Code § 5705.41 (D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet 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.

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 §§ 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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.
2. 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 Township.
3. 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 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.
4. Super Blanket Certificate – The Township 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 exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify the availability of funds prior to purchase commitments for 71% of the expenditures tested in 2021 and 2020, and there was no evidence the Township followed the aforementioned exceptions.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001 (CONTINUED)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend 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.

We recommend the Fiscal Officer certify purchases to which § 5705.41 (D) applies. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41 (D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Client Response: The Fiscal Officer has advised the Trustees and employee that all purchases must be approved by fiscal officer prior to purchase. The Fiscal Officer will certify the availability of the funds prior to purchase. In emergencies where prior approval may not be able to get achieved, the Fiscal Officer will utilize "Then and Now" certificates.

FINDING NUMBER 2021-002

Material Weakness

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

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

As a result of audit procedures, errors were noted that required reclassification to the financial statements as follows which have been made to the financial statements and accounting records:

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-002 (CONTINUED)

The following is related to 2021:

- A reclassification in the amount of \$2,000 from Other Financing Sources to Licenses, Permits and Fees in the General Fund for fees collected.
- A reclassification was made in the amount of \$12,179 from Miscellaneous Revenue to Intergovernmental Receipts in the Gasoline Tax Fund for incorrect posting of gas tax monies.
- A reclassification was made in the amount of \$28,229 from General Government to Public Works in the General Fund for projects.
- A reclassification in the amount of \$6,896 from Public Safety to Public Works in the Gasoline Tax Fund.
- A reclassification in the amount of \$2,657 from Capital Outlay to Public Works in the Road & Bridge Fund
- A reclassification in the amounts of \$1,477 and \$452 to decrease Principal Retirement and Interest and Fiscal Charges, respectively and to increase General Government to properly state debt payments in the General Fund.
- A reclassification in the amounts of \$1,260, \$504, \$341 and \$268 to increase Principal Payments and \$38, \$21, \$4 and \$8 to increase Interest and Fiscal Charges and \$1,298, \$525, \$345 and \$276 to reduce public Works in the Gasoline Tax Fund and Road & Bridge Fund, respectively and to decrease Health in the Cemetery Fund and Public Safety in the Fire Levy Fund to properly show debt payments.

The following is related to 2020:

- A reclassification was made in the amount of \$2,000 to Licenses, Permits and Fees from Miscellaneous Revenue for the incorrect posting of permit fees in the General Fund.
- A reclassification in the amounts of \$4,289 and \$670 to decrease Principal Retirement and Interest and Fiscal Charges, respectively and to increase General Government to properly state debt payments in the General Fund.
- A reclassification in the amount of \$100 to increase Principal Retirement and decrease Public Works in the MVL Tax Fund to properly show debt payments.
- A reclassification in the amounts of \$3,002, \$3,144, \$1,072 and \$2,215 to increase Principal Payments and \$221, \$174 \$72 and \$110 to increase Interest and Fiscal Charges and \$3,223, \$3,318, \$1,144 and \$2,325 to reduce public Works in the Gasoline Tax Fund and Road & Bridge Fund, respectively and to decrease Health in the Cemetery Fund and Public Safety in the Fire Levy Fund to properly show debt payments.

The audited financial statements and the Township's UAN accounting system have been adjusted for the issues noted above.

The Fiscal Officer should review the Township handbook for guidance to ensure financial statements are complete and accurate. 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. 1800.165 and 1800.166].

Client Response: The Fiscal Officer will review the handbook to ensure financial statements are complete and accurate as well as reviewing AOS Bulletin 2011-04 for fund balance classifications.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-003

Noncompliance

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. Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated,

The Township's minute record documents approval of 2021 and 2020 appropriations, however, no appropriation measures could be found in the Township records and they were not filed with the County Auditor's office. This results in appropriations being considered \$0 due to no evidence existing to support the appropriation amounts approved by the Board.

With no appropriation measures being filed with the County Auditor, all expenditures in all funds have exceeded the appropriations which is in violation of 5705.41(B).

The Fiscal Officer should, after approval of appropriations in the minutes, take that resolution and file it with the County Auditor and to maintain a copy on file, once that is completed, expenditure should not exceed the amounts established by the appropriation measure

Client Response: The appropriations have been approved. Will be filed with County Auditor.

FINDING NUMBER 2021-004

Material Weakness

All local public offices should integrate the budgetary accounts at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations. Since there were no certified appropriation presented in the accounting records or filed with the County Auditor, all appropriation amounts posted to the accounting system are incorrectly stated.

Without information properly entered into the system, the management of the Township lost some degree of budgetary control. This also resulted in adjustments to the budgetary note disclosure.

We recommend the Fiscal Officer accurately post appropriations as approved by the Board of Trustees and filed with the County Auditor into the computer system. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Client Response: The Township intends to post in a timely manner, estimated resources as certified by the Budget Commission and approved by the Board, so there is no inaccurate reporting of budgetary information on financial statements. The Board will review budget vs. actual to aid in ensuring Amended Resources and Appropriations are posted properly as certified.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-005

Material Weakness

Sound accounting practices require accurately posting estimated receipts to the ledgers to provide information for budget versus actual comparison and to allow the Board of Trustees to make informed decisions regarding budgetary matters.

The original certificate and amendments established the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

At December 31, 2021, estimated receipts in the Township’s ledgers did not agree to the amounts approved by the Budget Commission for the following funds:

	Estimated Receipts Approved by the Budget Commission	Estimated Receipts Per Township’s Accounting System	Variance
General	\$ 56,498	\$ 106,350	\$ (49,852)
Gasoline Tax	88,447	126,088	(37,641)
Fire Levy	25,197	50,173	(24,976)
Cemetery	21,469	26,349	(4,880)
Cemetery Levy	18,368	19,054	(686)

At December 31, 2020, estimated receipts in the Township’s ledgers did not agree to the amounts approved by the Budget Commission for the following funds:

	Estimated Receipts Approved by the Budget Commission	Estimated Receipts Per Township’s Accounting System	Variance
General	\$ 56,498	\$ 59,017	\$ (2,520)
Gasoline Tax	112,683	122,013	(9,330)
Coronavirus Relief	-	43,359	(43,359)

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. Additionally, the approved Certificate of Estimated Resources and amendments thereof was not accurately posted to the accounting system. Failure to accurately post the estimated receipts to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements. To effectively control the budgetary cycle and to maintain accountability over receipts, the Township should post to the ledgers, on a timely basis, estimated receipts as certified by the budget commission. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

Client Response: We will monitor posting of estimated receipts.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-006

Noncompliance

Ohio Revised Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. For financial information to be considered complete, financial statements must include footnotes. We noted the footnotes did not include certain information and there were some noted variances, as described below:

For December 31, 2021 were as follows:

- No notes were filed in the Hinkle system.

For December 31, 2020 were as follows:

- Made changes to the budgetary footnote
- Made changes to the Deposits and Investment Footnote.
- Updated the Risk Management Footnote.
- Added a restatement footnote describing voided checks being added back.

We recommend the Township complete accurate and complete financial information.

Client Response: We will file annually.

**LETART TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-001	Finding for Adjustment Trustees pay being paid from restricted fund in the absence of certifications	No	Not Corrected: No adjustments have been made.
2019-001	ORC 5705.41(D)(1) Fiscal Certificates Dated After Invoices	No	Not Corrected- Refer to Finding 2021-001
2019-002	Material Weakness Financial Reporting	No	Not Corrected - Refer to Findng 2021-002
2019-003	ORC 5705.38(A) Appropriation measure passed and filed with Auditor	No	Not Corrected - Refer to Findng 2021-003
2019-003	ORC 5705.41(B) Expenditures exceed Appropriation	No	Not Corrected- Refer to Finding 2021-003
2019-004	Material Weakness Budget amounts not correctly posted to UAN	No	Not Corrected - Refer to Finding 2021-004 and 2021-005
2019-005	ORC 5705.10(I) Negative fund balance	Yes	Finding No Longer Valid

OHIO AUDITOR OF STATE KEITH FABER



LETART TOWNSHIP

MEIGS 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 7/14/2022

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