



OHIO AUDITOR OF STATE  
**KEITH FABER**





PEE PEE TOWNSHIP  
PIKE COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT

Pee Pee Township  
Pike County  
621 Kennard Road  
Waverly, Ohio 45690

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 combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Pee Pee Township, Pike County, Ohio (the Township).

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

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

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

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

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

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

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the 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 combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Matters***

As discussed in Note 12 to the 2020 financial statements and Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber  
Auditor of State  
Columbus, Ohio  
March 16, 2022

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**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

|   | <u>General</u>    | <u>Special<br/>Revenue</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|-------------------|----------------------------|---|
| <b>Cash Receipts</b>                                  |                   |                            |   |
| Property and Other Local Taxes                        | \$ 60,655         | \$ 284,143                 | \$ 344,798                              |
| Intergovernmental                                     | 35,450            | 355,371                    | 390,821                                 |
| Earnings on Investments                               | 360               | 720                        | 1,080                                   |
| Miscellaneous   | 10,539            | 20,641                     | 31,180                                  |
|   | <u>107,004</u>    | <u>660,875</u>             | <u>767,879</u>                          |
| <i>Total Cash Receipts</i>                            |                   |                            |   |
| <b>Cash Disbursements</b>                             |                   |                            |   |
| Current:  |                   |                            |   |
| General Government                                    | 80,868            | -                          | 80,868                                  |
| Public Safety   | -                 | 34,431                     | 34,431                                  |
| Public Works  | -                 | 176,733                    | 176,733                                 |
| Health  | 6,402             | 142,941                    | 149,343                                 |
| Human Services  | -                 | 238,870                    | 238,870                                 |
| Capital Outlay  | 61,402            | -                          | 61,402                                  |
|   | <u>148,672</u>    | <u>592,975</u>             | <u>741,647</u>                          |
| <i>Total Cash Disbursements</i>                       |                   |                            |   |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>(41,668)</u>   | <u>67,900</u>              | <u>26,232</u>                           |
| <b>Other Financing Receipts (Disbursements)</b>       |                   |                            |   |
| Other Debt Proceeds                                   | 40,025            | -                          | 40,025                                  |
|   | <u>40,025</u>     | <u>-</u>                   | <u>40,025</u>                           |
| <i>Total Other Financing Receipts (Disbursements)</i> | 40,025            | -                          | 40,025                                  |
| <i>Net Change in Fund Cash Balances</i>               | (1,643)           | 67,900                     | 66,257                                  |
| <i>Fund Cash Balances, January 1</i>                  | <u>107,584</u>    | <u>252,054</u>             | <u>359,638</u>                          |
| <i>Fund Cash Balances, December 31</i>                | <u>\$ 105,941</u> | <u>\$ 319,954</u>          | <u>\$ 425,895</u>                       |

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

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**Pee Pee Township**  
*Pike 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 Pee Pee Township, Pike County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road maintenance, cemetery maintenance and fire protection. The Township contracts with the Village of Waverly to provide fire services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in a jointly governed organization with Evergreen Union Cemetery to provide cemetery maintenance for the Township. Note 10 to the financial statements provide additional information for this entity. The Township participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***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.

***Cemetery Fund*** The cemetery fund accounts for and reports the portion of county tax revenues received from the county auditor from voted tax levies and passes all net revenue to the Evergreen Union Cemetery Board based on agreement between Evergreen Union Cemetery Board and the Township.

***Coronavirus Relief Fund*** The coronavirus relief fund accounts for and reports the portion of federal monies restricted for aid to the Township and its residents during the COVID-19 pandemic.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a

**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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. The Township did not use the encumbrance method of accounting.

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.

***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.

***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.

**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary disbursements exceeded Estimates Resources authority in the Road and Bridge fund by \$3,999 and in the FEMA fund by \$27,409 for the year ended December 31, 2020.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

| 2020 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$83,532             | \$147,029          | \$63,497  |
| Special Revenue                   | 538,581              | 660,875            | 122,294   |
| Total                             | \$622,113            | \$807,904          | \$185,791 |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$149,400                  | \$148,672                 | \$728    |
| Special Revenue                                       | 664,298                    | 592,975                   | 71,323   |
| Total   | \$813,698                  | \$741,647                 | \$72,051 |

**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Deposits and Investments**

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

|                                |                         |
|--------------------------------|-------------------------|
|                                | <u>2020</u>             |
| Demand deposits                | \$375,895               |
| Certificates of deposit        | <u>50,000</u>           |
| Total deposits and investments | <u><u>\$425,895</u></u> |

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 insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**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**

***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.

***Risk Pool Membership***

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

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

**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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- Vehicles
- Property
- Equipment breakdown

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

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The 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 healthcare 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 a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 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 - Jointly Governed Organizations**

*Waverly Evergreen Union Cemetery:* The Waverly Evergreen Union Cemetery, a jointly governed organization, provides services within the Township. The Board of Trustees oversees the operation of the Cemetery. The Township does not have any financial interest in or responsibility for the Cemetery.

**Note 11 – Debt**

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

|                          | <u>Principal</u>       | <u>Interest Rate</u> |
|--------------------------|------------------------|----------------------|
| General Obligation Notes | <u>\$40,025</u>        | 2%                   |
| Total                    | <u><u>\$40,025</u></u> |                      |

The Township issued general obligation note to finance the purchase of a new Kubota tractor for Township road maintenance. This note is a renewable note. This note can be renewed up to 3 times, . The first renewal of the note matures on July 31, 2021.

**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Amortization**

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

| Year Ending<br>December 31: | General<br>Obligation<br>Notes |
|-----------------------------|--------------------------------|
| 2021                        | \$13,879                       |
| 2022                        | 13,879                         |
| 2023                        | 13,879                         |
| Total                       | <u>\$41,637</u>                |

**Note 12 – 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 unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. At year end the Township had no nonspendable fund balances or outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed.

**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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding. These amounts are recorded in the Coronavirus Relief Special Revenue Fund. Of the amounts received, \$142,941 was sub-granted to other governments and organizations, \$22,282 was returned to the granting agency, and \$90,037 was spent on-behalf of other governments. These amounts are reflected as health expenditures in the Special Revenue Fund on the accompanying financial statements.



**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

|  | General           | Special<br>Revenue | Totals<br>(Memorandum<br>Only) |
|--|-------------------|--------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                   |                    |                                |
| Property and Other Local Taxes                       | \$ 60,109         | \$ 279,643         | \$ 339,752                     |
| Intergovernmental                                    | 34,583            | 208,149            | 242,732                        |
| Earnings on Investments                              | 410               | 820                | 1,230                          |
| Miscellaneous  | 1,926             | 64                 | 1,990                          |
| <i>Total Cash Receipts</i>                           | <i>97,028</i>     | <i>488,676</i>     | <i>585,704</i>                 |
| <b>Cash Disbursements</b>                            |                   |                    |                                |
| Current:   |                   |                    |                                |
| General Government                                   | 89,840            | -                  | 89,840                         |
| Public Safety  | -                 | 31,347             | 31,347                         |
| Public Works   | 14,000            | 174,802            | 188,802                        |
| Health   | -                 | 219,213            | 219,213                        |
| <i>Total Cash Disbursements</i>                      | <i>103,840</i>    | <i>425,362</i>     | <i>529,202</i>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>(6,812)</i>    | <i>63,314</i>      | <i>56,502</i>                  |
| <i>Fund Cash Balances, January 1</i>                 | <i>114,396</i>    | <i>188,740</i>     | <i>303,136</i>                 |
| <b>Fund Cash Balances, December 31</b>               |                   |                    |                                |
| Nonspendable   | -                 |                    | -                              |
| Restricted   | -                 | 252,054            | 252,054                        |
| Assigned   | 65,868            | -                  | 65,868                         |
| Unassigned (Deficit)                                 | 41,716            | -                  | 41,716                         |
| <i>Fund Cash Balances, December 31</i>               | <i>\$ 107,584</i> | <i>\$ 252,054</i>  | <i>\$ 359,638</i>              |

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

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**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in jointly governed organization with Evergreen Union Cemetery to provide cemetery maintenance for the Township. Note 10 to the financial statements provide additional information for this entity. The Township participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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***Cemetery Fund*** The cemetery fund accounts for and reports the portion of county tax revenues received from the county auditor from voted tax levies and passes all net revenue to the Evergreen Union Cemetery Board based on agreement between Evergreen Union Cemetery Board and the Township.

***Basis of Accounting***

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**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

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.

***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.

***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

**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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.

**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 the Gasoline Tax Fund by \$15,968, Road and Bridge Fund by \$7,065 and the Cemetery Fund by \$20,893 for the year ended December 31, 2019.

**Note 4 – Budgetary Activity**

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

| 2019 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$83,532             | \$97,028           | \$13,496  |
| Special Revenue                   | 367,105              | 488,676            | 121,571   |
| Total                             | \$450,637            | \$585,704          | \$135,067 |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$187,604                  | \$103,840                 | \$83,764  |
| Special Revenue                                       | 514,500                    | 425,362                   | 89,138    |
| Total   | \$702,104                  | \$529,202                 | \$172,902 |

**Note 5 – Deposits and Investments**

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

**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

|                                |           |
|--------------------------------|-----------|
|                                | 2019      |
| Demand deposits                | \$309,638 |
| Certificates of deposit        | 50,000    |
| Total deposits and investments | \$359,638 |

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**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**

**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.

**Risk Pool Membership**

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

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

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 |

**Pee Pee Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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|                       |               |
|-----------------------|---------------|
| Actuarial liabilities | \$ 10,519,942 |
|-----------------------|---------------|

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The 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 healthcare 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 a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 10 – Jointly Governed Organizations**

*Waverly Evergreen Union Cemetery:* The Waverly Evergreen Union Cemetery, a jointly governed organization, provides services within the Township. The Board of Trustees oversees the operation of the Cemetery. The Township does not have any financial interest in or responsibility for the Cemetery.

**Note 11 – COVID-19**

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

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Pee Pee Township  
Pike County  
621 Kennard Road  
Waverly, Ohio 45690

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 combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Pee Pee Township, Pike County, (the Township) and have issued our report thereon dated March 16, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-002 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

***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 16, 2022

**PEE PEE TOWNSHIP  
PIKE COUNTY**

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

|   |
|---|
| <b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

**FINDING NUMBER 2020-001**

**Noncompliance**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer'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 Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

1. "Then and Now" Certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Trustees can authorize the drawing of a warrant for the payment of the amount due. The Board of Trustees has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions 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.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Board of Trustees 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 100% of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2020-001  
(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 help ensure 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, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**Officials' Response:**

We did not receive a response from the Township.

**FINDING NUMBER 2020-002**

**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.

Deficiencies in the Township's financial statement monitoring and review process, resulted in the following conditions:

2020 Financial Statements

- Property tax were overstated in the amount of \$23,058 and license fines and permits were overstated in the amount of \$1,548 and intergovernmental receipts were understated in the amount of \$14,893 and miscellaneous receipts were understated in the amount of \$9,713 in the General fund.
- Property taxes were understated in the amount of \$134,259 and license fines and permits were understated in the amount of \$7,961 and intergovernmental receipts were overstated in the amount of \$142,220 in the Special Revenue funds.
- FEMA reimbursements were not recorded as fund activity but fund balance adjustments, resulting in the following understatements: General fund intergovernmental receipts were understated by \$931; intergovernmental receipts were understated by \$32,065 and public works expense were understated by \$32,996 in the Special Revenue funds.
- The General fund debt proceeds and capital outlay were understated in the amount of \$40,025.
- Additional immaterial errors in the amount of \$853 in the General fund were identified and corrected.
- Additional immaterial errors in the amount of \$81 in the Special Revenue funds were identified and corrected.

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

2019 Financial Statements

- Property taxes were overstated in the amount of \$35,149 and license fines and permits receipts were overstated in the amount of \$1,188; intergovernmental receipts and miscellaneous receipts were understated in the amounts of \$34,583 and \$1,754, respectively in the General fund.
- Property taxes were overstated in the amount of \$142,542 and license fines and permits receipts were overstated in the amount of \$8,228; intergovernmental receipts were understated in the amounts of \$150,705 and miscellaneous was understated \$65 in the Special Revenue funds.
- Unassigned fund balance was understated and assigned fund balance was overstated in the General fund in the amount of \$41,716.
- Additional errors in the amount \$172 in the General fund were identified and corrected.
- Additional errors ranging from \$1-81 in the Special Revenue fund were identified and corrected.

The Township corrected the financial statements and accounting records, where appropriate, for errors described above.

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

The Township should accurately record financial transactions. The Township officials should update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

**Officials' Response:**

We did not receive a response from the Township.

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# PEE PEE TOWNSHIP

## PIKE COUNTY

David Dewitt, Trustee Chairman

Jim Helton, Trustee

Rodney Leffler, Trustee

Charla Rose, Fiscal Officer

621 Kennard Rd

Waverly, OH 45690

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

| <b>Finding Number</b> | <b>Finding Summary</b>                                      | <b>Status</b>    | <b>Additional Information</b> |
|-----------------------|---|------------------|-------------------------------|
| 2018-001              | ORC Section 5705.41 (D)<br>Properly Encumbering<br>Funds    | Not<br>corrected | Reissued as 2020-001          |
| 2018-002              | Posting Errors  | Not<br>corrected | Reissued as 2020-002          |
| 2018-003              | ORC 117-2-02 (A)<br>Accounting Records                      | Corrected        |                               |
| 2018-004              | ORC 5705.39<br>Appropriations Exceed<br>Estimated Resources | Not<br>corrected | Reissued in Management Letter |





# OHIO AUDITOR OF STATE KEITH FABER



**PEE PEE TOWNSHIP**

**PIKE 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 4/7/2022**

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)