



**GASPER TOWNSHIP
PREBLE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report on the Financial Statements, Internal Control, and Compliance.....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	3
Notes to the Financial Statements - For the Year Ended December 31, 2021	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	11
Notes to the Financial Statements - For the Year Ended December 31, 2020	13
Schedule of Findings.....	19
Prepared by Management:	
Schedule of Prior Audit Findings	31

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OHIO AUDITOR OF STATE KEITH FABER



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Report on the Financial Statements, Internal Control, and Compliance

Gasper Township
Preble County
P.O. Box 163
Eaton, Ohio 45320

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of Gasper Township, Preble County, (the Township), as of and for the years ended December 31, 2021 and 2020. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2021-0013 through 2021-017 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2021-001 through 2021-012.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 9, 2023

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Gasper Township
Preble County, Ohio

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$129,451	\$423,916	\$553,367
Charges for Services		52,435	52,435
Licenses, Permits and Fees		480	480
Intergovernmental	48,930	525,378	574,308
Earnings on Investments	55	38	93
Miscellaneous	270	309	579
<i>Total Cash Receipts</i>	<u>178,706</u>	<u>1,002,556</u>	<u>1,181,262</u>
Cash Disbursements			
Current:			
General Government	143,378	34,390	177,768
Public Safety		468,317	468,317
Public Works		231,981	231,981
<i>Total Cash Disbursements</i>	<u>143,378</u>	<u>734,688</u>	<u>878,066</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,328</u>	<u>267,868</u>	<u>303,196</u>
Special Item	<u>11,425</u>		<u>11,425</u>
<i>Net Change in Fund Cash Balances</i>	46,753	267,868	314,621
<i>Fund Cash Balances, January 1</i>	<u>109,615</u>	<u>609,239</u>	<u>718,854</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$156,368</u></u>	<u><u>\$877,107</u></u>	<u><u>\$1,033,475</u></u>

See accompanying notes to the basic financial statements.

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Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Gasper Township, Preble County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, police protection, fire protection and emergency medical services.

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

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Gasoline 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.

Police Levy Fund The police levy fund receives proceeds from the levy to provide police protection throughout the Township.

Special Levy Fund The special levy fund receives property taxes and receipts from the billing of emergency medical runs.

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Miscellaneous Special Revenue Fund The miscellaneous special revenue fund is used to account for FEMA money awarded to and expended by the Township for the purchase of fire equipment.

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports CARES Act money. A fund used to account for and report restricted monies received under a federal grant to cover necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19).

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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 appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

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.

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$179,510	\$190,131	\$10,621
Special Revenue	937,019	1,002,556	65,537
Total	\$1,116,529	\$1,192,687	\$76,158

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$149,645	\$143,378	\$6,267
Special Revenue	1,061,436	734,688	326,748
Total	\$1,211,081	\$878,066	\$333,015

Note 4 – Deposits

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:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$1,033,475
Total deposits	1,033,475

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.

Deposits

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

Note 5 – Property Taxes

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

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

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Interfund Balances

Outstanding advances at December 31, 2021, consisted of \$2,705 from the General Fund to the Miscellaneous Special Revenue Fund to provide working capital for operations.

Note 7 – Risk Management

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

- General liability and casualty
- Public official’s liability
- Cyber
- 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>2021</u>
Cash and investments	\$ 34,880,599
Actuarial liabilities	\$ 10,601,444

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Postemployment Benefits

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

Note 10 – Contingent Liabilities

The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Township’s financial condition.

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

Note 11 – 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. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. The Township did not have nonspendable fund balances or outstanding encumbrances at year end.

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

Note 12 – 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.

Gasper Township
Preble County, Ohio

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$109,851	\$407,622	\$517,473
Charges for Services		72,716	72,716
Intergovernmental	45,486	463,493	508,979
Earnings on Investments		108	108
Miscellaneous	38,813		38,813
<i>Total Cash Receipts</i>	<u>194,150</u>	<u>943,939</u>	<u>1,138,089</u>
Cash Disbursements			
Current:			
General Government	130,758	46,912	177,670
Public Safety		542,425	542,425
Public Works		47,116	47,116
<i>Total Cash Disbursements</i>	<u>130,758</u>	<u>636,453</u>	<u>767,211</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>63,392</u>	<u>307,486</u>	<u>370,878</u>
Special Item	37,899		37,899
<i>Net Change in Fund Cash Balances</i>	101,291	307,486	408,777
<i>Fund Cash Balances, January 1</i>	<u>8,324</u>	<u>301,753</u>	<u>310,077</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$109,615</u></u>	<u><u>\$609,239</u></u>	<u><u>\$718,854</u></u>

See accompanying notes to the basic financial statements.

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Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Gasper Township, Preble County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, police protection, fire protection and emergency medical services.

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

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Miscellaneous Special Revenue Fund The miscellaneous special revenue fund is used to account for FEMA money awarded to and expended by the Township for the purchase of fire equipment.

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports CARES Act money. A fund used to account for and report restricted monies received under a federal grant to cover necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19).

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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 appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

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.

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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 11.

Note 3 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$165,300	\$232,049	\$66,749
Special Revenue	1,069,338	943,939	(125,399)
Total	\$1,234,638	\$1,175,988	(\$58,650)

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$168,743	\$130,758	\$37,985
Special Revenue	953,968	636,453	317,515
Total	\$1,122,711	\$767,211	\$355,500

Note 4 – Deposits

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:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$718,854
Total deposits	718,854

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.

Deposits

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

Note 5 – Property Taxes

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

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

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Interfund Balances

Outstanding advances at December 31, 2020, consisted of \$2,705 from the General Fund to the Miscellaneous Special Revenue Fund to provide working capital for operations.

Note 7 – Risk Management

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

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

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

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Gasper Township
Preble County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Contingent Liabilities

The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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

Note 11 – 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. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. The Township did not have nonspendable fund balances or outstanding encumbrances at year end.

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

Note 12 – 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 2020, 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.

Note 13 – Change in Accounting Principle

For 2020, the Township has made a change to their cash basis reporting model by removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**GASPER TOWNSHIP
PREBLE COUNTY**

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

1. Stale Dated Checks – Noncompliance

FINDING NUMBER 2021-001

Ohio Rev. Code § 9.39 provides that unclaimed money shall be deposited to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General Fund of the Public Office.

Auditor of State Bulletin 91-11 addresses the accounting procedures to follow regarding outstanding, stale-dated warrants/checks issued by the governmental entity. According to the audit bulletin when the warrant/check becomes stale-dated (90 days from issue date) a memorandum pay-in should be made to the expendable trust fund - unclaimed moneys, the warrant/check number, name of the payee should be posted and identified unclaimed, on the cash journal and receipt ledger. Original entry should not be reversed. At this time the warrant/check should be removed from the list of outstanding warrants/checks. If the rightful owner claims the unpaid money, a warrant/check would be paid from the Trust Fund. If the liability remains unclaimed for a period of five years from the date the money was placed in the Trust Fund, the money shall then be paid to the General Fund. If, after the five year period the rightful owner claims the unpaid money, a warrant/check would be paid from the General Fund. It is recommended that warrants/checks be printed with the statement "Void after 90 Days".

At fiscal year-end 2021 the Township had \$23,559 of outstanding, over a year old, checks that were stale dated. At fiscal year-end 2020 the Township had \$16,238 of outstanding, over a year old, checks that were stale dated.

Policies and procedures should be developed and implemented in accordance with the Ohio Rev. Code § 9.39 and Auditor of State Bulletin 91-11 regarding outstanding stale dated warrants/checks. This will reduce the number of reconciling long outstanding checks from monthly reconciliations and will allow the General Fund to access unclaimed funds that might never be claimed by their rightful owners.

Officials' Response:

Officials did not provide a response to this finding.

2. Minutes - Noncompliance

FINDING NUMBER 2021-002

Ohio Rev. Code § 121.22(C) states that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

The Township could not locate the minutes for the January, February and March 2020 Board minutes. Also, the Township did not prepare minutes for the September 20 and September 26, 2021 Board meetings.

Policies and procedures should be established and implemented to ensure all minutes are prepared and maintained in accordance with the Ohio Sunshine Laws. Failure to do so could result in the Court declaring actions taken null and void and the Township being subject to significant penalties for noncompliance of the Ohio Sunshine Law.

Officials' Response:

Officials did not provide a response to this finding.

3. Destruction of Records - Noncompliance

FINDING NUMBER 2021-003

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

The Township did not maintain the following items:

- Supporting documentation for four EMS billing receipts totaling \$12,826 in 2020
- Supporting documentation for five EMS billing receipts totaling \$11,446 in 2021
- W-4 form for Trustee William Hapner for 2020 and 2021

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

Officials' Response:

Officials did not provide a response to this finding.

4. Public Records Training - Noncompliance

FINDING NUMBER 2021-004

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

Two of the Township's elected officials with terms ending in 2021 and one elected official with a term ending in 2020, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

Officials' Response:

Officials did not provide a response to this finding.

5. Continuing Education Requirements - Noncompliance

FINDING NUMBER 2021-005

Ohio Rev. Code § 507.12 states “to enhance the background and working knowledge of township fiscal officers in government accounting, budgeting and financing, financial report preparation, cybersecurity, and the rules adopted by the auditor of state, the auditor of state shall conduct education programs and continuing education courses for individuals elected or appointed for the first time to the office of township fiscal officer, and shall conduct continuing education courses for individuals who continue to hold the office in a subsequent term.” A township fiscal officer who is elected to a subsequent term of office shall complete twelve hours of continuing education courses in each subsequent term of office as well as at least two hours of ethics instruction. The prior Fiscal Officer did not obtain the required training for her term ending March 31, 2020. Failure to obtain the required training during each term of office could result in lack of knowledge needed to perform fiscal duties. The Fiscal Officer should obtain the required training during each elected term of office.

Officials’ Response:

Officials did not provide a response to this finding.

6. Fraud Acknowledgment - Noncompliance

FINDING NUMBER 2021-006

Ohio Rev. Code § 117.103(B)(1) states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Since May 4, 2012, Ohio Rev. Code § 117.103(B)(2), has also required each public office to make all its employees aware of the fraud-reporting system. Ohio Rev. Code § 117.103(B)(3) provides that a public office satisfies these notification requirements by providing information about the fraud-reporting system and means of reporting fraud in the employee handbook or manual. Employees must sign and verify receipt of the handbook or manual.

For 2020 and 2021, the Township neither made its current employees aware of the new fraud reporting system nor made new employees confirm receipt of this information. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, the Township should communicate the fraud reporting system to its current employees and implement a process for informing new employees.

Officials’ Response:

Officials did not provide a response to this finding.

7. Records Retention Schedule - Noncompliance

FINDING NUMBER 2021-007

Ohio Rev. Code § 149.43(B)(2) requires a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying. A public office also shall have available a copy of its current records retention schedule at a location readily available to the public.

**FINDING NUMBER 2021-007
(Continued)**

The Township did not have an adopted/approved records retention schedule/policy. Failure to have a records retention schedule/policy could result in violation of the Sunshine Laws. The Township should implement procedures to ensure that appropriate records retention schedules/policies are properly established and adopted/approved and have the records retention schedule at a location readily available to the public.

Officials' Response:

Officials did not provide a response to this finding.

8. Capital Asset Policy - Noncompliance

FINDING NUMBER 2021-008

Ohio Admin. Code § 117-2-02(D)(4)(c) states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

Ohio Admin Code § 117-2-02(E) states that each local public office should establish a capitalization threshold so that, at a minimum, eighty percent of the local public office's non-infrastructure assets are identified, classified, and recorded on the local public office's financial records.

The Township did not establish a capital asset policy, including a capitalization threshold, for its capital assets, nor did it maintain any detailed records with regard to capital assets that the Township had purchased.

Officials' Response:

Officials did not provide a response to this finding.

9. Certification of Expenditures - Noncompliance

FINDING NUMBER 2021-009

Ohio Rev. Code § 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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 the sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

FINDING NUMBER 2021-009
(Continued)

1. **"Then and Now" Certificate** - If the fiscal officer can certify that both at the time 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. Amounts of less than \$3,000 may be paid by the fiscal officer without 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** - Fiscal officers may prepare "blanket" certificates for a certain sum of money not to exceed 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. 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 Township may also make expenditures and contract 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. The certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for all five disbursements tested in 2020 and all five disbursements tested in 2021 wherein the invoice date preceded the purchase order date, and none of the three exceptions above were obtained.

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, the Township should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used, and the Board of Trustees should formally approve all "then and now" certifications by resolution during regular meetings within thirty days of receipt of the "then and now" purchase order if over \$3,000.

Officials' Response:

Officials did not provide a response to this finding.

10. Blanket Purchase Orders - Noncompliance

FINDING NUMBER 2021-010

Ohio Rev. Code § 5705.41(D)(3) states that upon the certification of the chief fiscal officer that a certain sum of money, not in excess of an amount established by ordinance or resolution adopted by a majority of the members of the legislative authority of the subdivision or taxing unit, has been lawfully appropriated, authorized or directed for a certain purpose and is in the treasury or in the process of collection to the credit of a specific line-item appropriation account in a certain fund free from any previous and then outstanding obligations or certifications, then for such purpose and from

such line-item appropriation account in such fund, over a period not extending beyond the end of the fiscal year, expenditures may be made, orders for payment issued, and contracts or obligations calling for or requiring the payment of money made and assumed; provided, that the aggregate sum of money included in and called for by such expenditures, orders, contracts, and obligations shall not exceed the sum so certified. Such a certification need be signed only by the fiscal officer of the subdivision or the taxing district and may, but need not, be limited to a specific vendor. An itemized statement of obligations incurred and expenditures made under such certificate shall be rendered to the auditor or other chief fiscal officer before another such certificate may be issued, and not more than one such certificate shall be outstanding at a time.

The Township regularly uses blanket purchase orders for certain line-item purchases. The Township Trustees have not established a maximum amount for these purchase orders. The failure to set the maximum amount could result in the Township overspending its available resources.

The Township Trustees should pass a formal resolution setting the maximum amount for blanket purchase orders. The Township should review open purchase orders to ensure that any blanket purchase orders do not exceed the maximum amount that they have set through formal action.

Officials' Response:

Officials did not provide a response to this finding.

11. Trustee Compensation Overpayment – Finding for Recovery Repaid Under Audit

FINDING NUMBER 2021-011

Ohio Rev. Code § 505.24(A)(4) provides, in part, in calendar year 2018, each township trustee is entitled to compensation of fifty-six dollars and seventy-one cents per day for not more than two hundred days in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars. **Ohio Rev. Code § 505.24(A)(5)** provides, in part, in calendar year 2018, that each township trustee is entitled to compensation of sixty-two dollars and thirty-nine cents per day for not more than two hundred days in townships having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars. **Ohio Rev. Code § 505.24(B)** provides, in part, in calendar year 2019 and in each calendar year thereafter, the amounts paid as specified in division (A) of this section shall be increased by one and three-quarters per cent.

Ohio Const. Art. II, Section 20 states that the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

In 2020, the Township's budget fell within the range outlined in Ohio Rev. Code § 505.24(A)(4) for January 2020 through November 2020 and in the range outlined in Ohio Rev. Code § 505.24(A)(5) for December 2020. However, during this time, each Township Trustee's salary (William Roell, Eric White, and William Hapner) was not properly calculated and disbursed according to Ohio Rev. Code § 505.24(A)(4)-(5). As a result, Trustees Roell and Hapner were overpaid by \$1,041 and Trustee White was overpaid by \$637 in 2020.

In 2021, the Township's budget range fell within the range outlined in Ohio Rev. Code § 505.24(A)(5). However, two Township Trustees' salaries, Roell and Hapner, whose terms were January 1, 2018, through December 31, 2021, were not properly calculated and disbursed according to Ohio Rev. Code § 505.24(A)(5) and resulted in Trustees Roell and Hapner each being overpaid by \$665 in 2021.

**FINDING NUMBER 2021-011
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued, against Trustees William Hapner, William Roell, Eric White and their bonding company, OTARMA, jointly and severally, in the amounts of \$1,706, \$1,706, and \$637, respectively, and in favor of Gasper Township's General Fund.

On January 17, 2023, Trustee Eric White repaid the Township \$637, via check, to the credit of the Township's General Fund via receipt no. 1-2023. As a result, the finding for recovery against Mr. White, \$637, is considered repaid under audit. On February 25, 2023, OTARMA repaid the Township \$3,412, via check, to the credit of the Township's General Fund via receipt no. 13-2023. As a result, the finding for recovery against William Hapner and William Roell is considered repaid under audit. Therefore, the entire finding for recovery is considered repaid under audit.

The Township should implement policies and procedures to verify that elected officials are paid in accordance with Ohio Revised Code requirements. Failure to do so could result in potential findings for recovery being issued in future audits.

Officials' Response:

Officials did not provide a response to this finding.

12. Fiscal Officer Compensation Overpayment – Finding for Recovery

FINDING NUMBER 2021-012

Ohio Rev. Code § 507.09(A)(4), provides, in part, in calendar year 2018, a township fiscal officer shall be entitled to a compensation of eighteen thousand seven hundred seventeen dollars in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars. **Ohio Rev. Code § 507.09(A)(5)**, provides, in part, in calendar year 2018, a township fiscal officer shall be entitled to a compensation of twenty-one thousand eight hundred thirty-six dollars, in townships having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars. **Ohio Rev. Code § 507.09(B)** states, in calendar year 2019 and in each calendar year thereafter through calendar year 2028, the compensation determined under division (A) of this section shall be increased by one and three-quarters per cent.

Ohio Const. Art. II, Section 20 states that the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under the color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl Preparatory School*, 128 Ohio St. 3d 50 (2010).

In 2020, the Township's budget range fell within the range outlined in Ohio Rev. Code § 507.09(A)(4) during former Fiscal Officer Anitra Roell's term, which was April 1, 2016, through March 31, 2020. However, Mrs. Roell was incorrectly paid in the budget range outlined in Ohio Rev. Code § 507.09(A)(5) for 2020. As a result, Mrs. Roell was overpaid by \$779. Former Fiscal Officer Anitra Roell received or collected the public money used to make the overpayment.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Anitra Roell, former Fiscal Officer, and her bonding company, Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$779, and in favor of Gasper Township's General Fund.

**FINDING NUMBER 2021-012
(Continued)**

The Township should implement policies and procedures to verify that elected officials are paid in accordance with Ohio Revised Code requirements. Failure to do so could result in potential findings for recovery being issued in future audits.

Officials' Response:

Officials did not provide a response to this finding.

13. Financial Statement Misstatements – Internal Control Deficiency

FINDING NUMBER 2021-013

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

The Township did not have procedures in place to accurately post financial transactions to the accounting system. The Township's financial statements contained errors, which were material and resulted in adjustments to the financial statements and the accounting system (as applicable).

In 2020, the Township posted property taxes at net instead of gross, posted homestead and rollback receipts to Property Taxes instead of Intergovernmental Revenue, posted local government funds to Property Taxes and License, Permits and Fees instead of Intergovernmental Revenue, posted Ohio Bureau of Worker's Comp refunds to Intergovernmental Revenue instead of Miscellaneous Receipts, and posted Coronavirus Relief Funds to Interest instead of Intergovernmental Revenue resulting in the following misstatements:

- General Fund: Property Taxes were overstated by \$13,217, Intergovernmental Revenue was overstated by \$17,248, General Government Expenditures were understated by \$8,242 and Miscellaneous Revenue was understated by \$38,707.
- Special Levy Fund: Property Taxes were overstated by \$8,738, Public Safety Expenditures were understated by \$3,964 and Intergovernmental Revenue was understated by \$12,702.
- Police Fund: Property Taxes were overstated by \$1,104, Public Safety Expenditures were understated by \$929 and Intergovernmental Revenue was understated by \$2,033.
- Road and Bridge Fund: Property Taxes were overstated by \$3,442, Public Works Expenditures were understated by \$338 and Intergovernmental Revenue was understated by \$3,780.
- Motor Vehicle License Tax Fund: Property Taxes were overstated by \$17,376, Licenses, Permits and Fees were overstated by \$6,134 and Intergovernmental Revenue was understated by \$23,510.
- Coronavirus Relief Fund: Interest was overstated and Intergovernmental Revenue was understated by \$267,088.

In 2021, the Township posted homestead and rollback receipts to Property Taxes instead of Intergovernmental Revenue, posted one homestead and rollback receipt entirely to the General Fund instead of allocating the receipt to the proper funds per the county auditor tax apportionment sheet, posted local government funds to Property Taxes instead of Intergovernmental Revenue, posted an Ohio Bureau of Worker's Comp refund to Intergovernmental Revenue instead of Miscellaneous Receipts and posted the repayment of a finding for recovery to Intergovernmental Revenue instead of Special Items resulting in the following misstatements:

FINDING NUMBER 2021-013
(Continued)

- General Fund: Property Taxes were overstated by \$35,223, Intergovernmental Revenue was understated by \$25,043, Miscellaneous Revenue was understated by \$270, Special Item was understated by \$1,250 and the Fund Balance was overstated by \$8,660.
- Special Levy Fund: Property Taxes were overstated by \$5,728, Intergovernmental Revenue was understated by \$11,457 and the Fund Balance was understated \$5,729.
- Police Fund: Property Taxes were overstated by \$804, Intergovernmental Revenue was understated by \$1,608 and the Fund Balance was understated by \$804.
- Road and Bridge Fund: Property Taxes were overstated by \$2,127, Intergovernmental Revenue was understated by \$4,255 and the Fund Balance was understated by \$2,128.
- Motor Vehicle License Tax Fund: Property Taxes were overstated and Intergovernmental Revenue was understated by \$27,396.

The failure to correctly classify financial activity on the financial statements and post financial activity to the accounting system may impact the user's understanding of the financial operations, the Board's ability to make sound financial decisions, and result in the material misstatement of the financial statements. Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts. The Township should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly.

The errors identified should be reviewed by the Board to help prevent similar errors in subsequent years. In addition, governmental accounting resources such as those found on the Auditor of State website at <https://ohioauditor.gov/> should be reviewed for guidance in the classification of fund balances. In addition to the monthly review of financial reports, the Board should consider a detailed review of the accounting records and the year-end financial statements to help identify and correct errors in a timely manner.

Officials' Response:

Officials did not provide a response to this finding.

14. Bank Reconciliations – Internal Control Deficiency

FINDING NUMBER 2021-014

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

**FINDING NUMBER 2021-014
(Continued)**

The Fiscal Officer did not accurately reconcile the Township's books for January through June 2020. The Township hired Auditor of State Local Government Services to reconcile the Township's records with the bank for January 2020 through June 2020. The Township was accurately reconciled at December 31, 2020 and December 31, 2021. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Trustees should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response:

Officials did not provide a response to this finding.

15. Estimated Resources Posted to the Accounting System – Internal Control Deficiency

FINDING NUMBER 2021-015

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

The original certificate of estimated resources and amendments establish 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 estimated receipts are precisely stated and accurately posted to the receipts ledgers.

At December 31, 2020:

- Estimated resources per the amended certificate of estimated resources for the Coronavirus Relief Fund totaled \$267,088; total estimated resources posted to the accounting system was \$156,989. This is a variance of \$110,099.

At December 31, 2021:

- Estimated resources per the amended certificate of estimated resources for the General Fund totaled \$179,510; total estimated receipts posted to the accounting system was \$166,510. This resulted in a variance of \$13,000.
- Estimated resources per the amended certificate of estimated resources for the Special Levy Fund totaled \$457,380; total estimated resources posted to the accounting system was \$432,380. This resulted in a variance of \$25,000.
- Estimated resources per the amended certificate of estimated resources for the American Rescue Plan Fund totaled \$199,289; total estimated resources posted to the accounting system was \$0. This resulted in a variance of \$199,289.

FINDING NUMBER 2021-015
(Continued)

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The Certificate of Estimated Resources (and/or amendments thereof) approved by the Board were not properly posted to the accounting system. Failure to accurately post the estimated resources to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts, the Township should post to the ledgers estimated resources as certified by the budget commission. The Township should then monitor budget versus actual reports to help ensure budgetary data has been properly posted to the ledgers and overspending does not occur.

Officials' Response:

Officials did not provide a response to this finding.

16. Pay Rates – Internal Control Deficiency

FINDING NUMBER 2021-016

When designing the public office's system of internal control and the specific control activities, management should ensure that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Township failed to maintain pay rate approval documentation for one employee tested in 2020 and five employees tested in 2021. Failure to maintain documentation of approved pay rates could result in over or underpayments and possible findings for recovery. The Township should maintain documentation of approved employee pay rates.

Officials' Response:

Officials did not provide a response to this finding.

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**GASPER TOWNSHIP
PREBLE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	Receipts, disbursements, and fund balances were not always posted or classified correctly.	No	Not Corrected; re-issued for 2020-2021
2019-002	The General Fund had a negative balance at December 31, 2018.	Yes	
2019-003	There were violations of several budgetary laws.	No	Partially Corrected; re-issued for 2020-2021
2019-004	The Township's financial statements do not include the activity of a component unit.	Finding No Longer Valid	
2019-005	Accurate monthly bank reconciliations were not prepared.	No	Not Corrected; re-issued for 2020-2021
2019-006	The Township failed to timely remit OPERS payments.	Yes	
2019-007	Trustees were incorrectly paid.	No	Not Corrected; re-issued for 2020-2021
2019-008	The Township did not submit reports of payroll withholdings on a timely basis.	Yes	

OHIO AUDITOR OF STATE KEITH FABER



GASPER TOWNSHIP

PREBLE 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 4/4/2023

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