

**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**MONCLOVA TOWNSHIP  
LUCAS COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Monclova Township  
4335 Albon Rd  
Monclova, OH 43542

We have reviewed the *Independent Auditor's Report* of Monclova Township, Lucas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

November 01, 2023

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MONCLOVA TOWNSHIP  
LUCAS COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2022 .....	4
Notes to the Financial Statements For the Year Ended December 31, 2022 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021 .....	14
Notes to the Financial Statements For the Year Ended December 31, 2021 .....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	24
Schedule of Findings.....	26
Summary Schedule of Prior Audit Findings .....	28

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## INDEPENDENT AUDITOR'S REPORT

Monclova Township  
Lucas County  
4335 Albon Road  
Monclova, Ohio 43542

To the Board of Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Monclova Township, Lucas County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

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

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

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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

July 21, 2023

**MONCLOVA TOWNSHIP  
LUCAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 1,105,242	\$ 2,846,453	\$ -	\$ -	\$ 3,951,695
Charges for Services	-	255,125	-	-	255,125
Licenses, Permits and Fees	261,970	25,201	-	-	287,171
Intergovernmental	1,827,393	1,629,777	-	276,876	3,734,046
Special Assessments	-	1,117,280	-	-	1,117,280
Earnings on Investments	217,721	1,999	-	-	219,720
Miscellaneous	14,992	89,452	-	-	104,444
<i>Total Cash Receipts</i>	<u>3,427,318</u>	<u>5,965,287</u>	<u>-</u>	<u>276,876</u>	<u>9,669,481</u>
<b>Cash Disbursements</b>					
Current:					
General Government	1,029,669	495,151	-	-	1,524,820
Public Safety	1,434	2,224,888	-	-	2,226,322
Public Works	448,884	1,666,898	-	-	2,115,782
Health	-	39,779	-	-	39,779
Conservation-Recreation	254,365	-	-	-	254,365
Capital Outlay	6,182	1,109,244	-	473,614	1,589,040
Debt Service:					
Principal Retirement	-	74,410	-	-	74,410
<i>Total Cash Disbursements</i>	<u>1,740,534</u>	<u>5,610,370</u>	<u>-</u>	<u>473,614</u>	<u>7,824,518</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,686,784</u>	<u>354,917</u>	<u>-</u>	<u>(196,738)</u>	<u>1,844,963</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	-	-	-	196,738	196,738
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,738</u>	<u>196,738</u>
<i>Net Change in Fund Cash Balances</i>	1,686,784	354,917	-	-	2,041,701
<i>Fund Cash Balances, January 1</i>	<u>9,012,655</u>	<u>5,137,694</u>	<u>74,878</u>	<u>499,533</u>	<u>14,724,760</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 10,699,439</u>	<u>\$ 5,492,611</u>	<u>\$ 74,878</u>	<u>\$ 499,533</u>	<u>\$ 16,766,461</u>

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

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Monclova Township, Lucas County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Lucas County Sherriff's Office to provide police protection services to the Township.

***Public Entity Risk Pool and Economic Development Contracts***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. The Township also participates in a joint venture and economic development contracts with neighboring municipalities, created pursuant to ORC 715. The legislative authorities of the contracting parties have formed districts or zones to develop land for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in those municipalities. These statutorily created entities are governed by independent appointed boards of directors. Notes 6, 11, and 12 to the financial statements provides additional information for these entities.

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 is 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 accounts for and reports property tax money restricted for construction, maintenance, and repair of roads within the Township.

***Special Fire Levy Fund*** – The Special Fire Levy Fund accounts for and reports property tax money restricted for fire department expenses.

***Police Levy Fund*** – This fund received property tax money to pay for police service expenses.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had no receipt or disbursement activity in any of the Debt Service Funds in 2022.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

**OPWC Fund** - This fund received OPWC loan funds for the reconstruction of various road projects within the Township.

**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 and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2022 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**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.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

***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 13.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,623,550	\$ 3,427,318	\$ 803,768
Special Revenue	6,134,065	5,965,287	(168,778)
Capital Projects	891,838	473,614	(418,224)
<b>Total</b>	<b>\$ 9,649,453</b>	<b>\$ 9,866,219</b>	<b>\$ 216,766</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,568,198	\$ 3,159,897	\$ 408,301
Special Revenue	7,071,853	5,993,340	1,078,513
Capital Projects	767,938	473,614	294,324
<b>Total</b>	<b>\$ 11,407,989</b>	<b>\$ 9,626,851</b>	<b>\$ 1,781,138</b>

**Note 4 – 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:

	2022
<b>Cash Management Pool:</b>	
Demand deposits	\$ 1,253,660
Total deposits	1,253,660
STAR Ohio	15,512,801
Total investments	15,512,801
<i>Total carrying amount of deposits and investments held in the Pool</i>	<b>\$ 16,766,461</b>

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, 2022, the Township is holding \$42,281 in unremitted employee 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.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 4 – Deposits and Investments (Continued)**

At December 31, 2022, \$572,143 of deposits were not insured or collateralized due to the financial institution having a reduced rate of 50% through the OPCS.

***Investments***

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**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.

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

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

**Note 6 – 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

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 – Risk Management (Continued)**

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

	<u>2022</u>
Cash and investments	\$ 32,288,098
Actuarial Liabilities	9,146,434

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

***Ohio Police and Fire Retirement System***

The Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2022.

***Social Security***

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.



**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 8 – Postemployment Benefits (Continued)**

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$ 782,529	0%

The Ohio Public Works Commission (OPWC) loans are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal payments. The OPWC loans were received to finance improvements to various township roads. The zero interest loans will be repaid in semiannual installments over ten years.

***Amortization***

Amortization of the above debt is scheduled as follows (excluding loan CL16Y for which an amortization schedule is unavailable):

Year Ending December 31:	Ohio Public Works Commission
2023	\$ 93,696
2024	93,696
2025	77,758
2026	69,909
2027	69,909
2028-2032	215,933
Total	\$ 620,902

**Note 10 – Contingent Liabilities**

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

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 – Joint Ventures**

**Monclova/Whitehouse Joint Economic Development District (JEDD)**

Created in 2010 it is a scattered parcel district with new parcels petitioning to enter the district yearly. The board is made up of five members. Whitehouse appoints one, Monclova Township appoints three and those four members appoint a fifth at large member. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD territory. Per the JEDD contract Whitehouse collects all the income taxes associated with the zone and distributes Monclova Township's share directly which is 75%. The 2022 revenue to Monclova was \$479,489.

**Toledo Express Airport Joint Economic Development District (JEDD)**

This JEDD was created in 2014 between Monclova Township, Swanton Township, and the City of Toledo. The board is made up of five members. Monclova and Swanton jointly appoint two members, the City of Toledo appoints two members, and those four members appoint a fifth at large member. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD territory. Per the JEDD contract the City of Toledo collects all the income taxes associated with the zone and distributes Monclova Township's share directly which is 1/3 of the quarterly distribution to contracting parties. The 2022 revenue to Monclova was \$59,729.

**Note 12 – Economic Development Contracts**

**Maumee/Monclova/Toledo Joint Economic Development Zone (JEDZ)**

This JEDZ was created in 2003 with 550 acres all within Monclova Township. Each member appoints three board members with equal voting rights. Per the JEDZ contract Maumee collects all the income taxes associated with the zone and distributes them to Monclova and Toledo. The revenue split is 1/3 each. The 2022 revenue to Monclova was \$1,210,444.

**Note 13 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 1,419,363	\$ 382,970	\$ 1,802,333
Total	\$ 1,419,363	\$ 382,970	\$ 1,802,333

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 14 – 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 2022, 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 funding, either federal or state, cannot be estimated.

**MONCLOVA TOWNSHIP  
LUCAS COUNTY**

**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	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 889,065	\$ 2,676,685	\$ -	\$ -	\$ 3,565,750
Charges for Services	-	191,906	-	-	191,906
Licenses, Permits and Fees	260,222	22,900	-	-	283,122
Intergovernmental	1,433,295	1,605,629	-	440,677	3,479,601
Special Assessments	-	1,134,572	-	-	1,134,572
Earnings on Investments	20,863	192	-	-	21,055
Miscellaneous	7,812	48,487	-	-	56,299
<i>Total Cash Receipts</i>	<u>2,611,257</u>	<u>5,680,371</u>	<u>-</u>	<u>440,677</u>	<u>8,732,305</u>
<b>Cash Disbursements</b>					
Current:					
General Government	818,986	498,728	-	-	1,317,714
Public Safety	-	2,090,733	-	-	2,090,733
Public Works	374,999	1,347,330	-	-	1,722,329
Health	94,579	42,140	-	-	136,719
Conservation-Recreation	32,711	-	-	-	32,711
Capital Outlay	4,095,467	1,180,074	-	504,153	5,779,694
Debt Service:					
Principal Retirement	-	78,594	-	-	78,594
<i>Total Cash Disbursements</i>	<u>5,416,742</u>	<u>5,237,599</u>	<u>-</u>	<u>504,153</u>	<u>11,158,494</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,805,485)</u>	<u>442,772</u>	<u>-</u>	<u>(63,476)</u>	<u>(2,426,189)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	-	-	-	63,476	63,476
Transfers In	-	50,000	-	-	50,000
Transfers Out	(50,000)	-	-	-	(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>63,476</u>	<u>63,476</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,855,485)</u>	<u>492,772</u>	<u>-</u>	<u>-</u>	<u>(2,362,713)</u>
<i>Fund Cash Balances, January 1 (Restated, See Note 16)</i>	<u>11,868,140</u>	<u>4,644,922</u>	<u>74,878</u>	<u>499,533</u>	<u>17,087,473</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 9,012,655</u>	<u>\$ 5,137,694</u>	<u>\$ 74,878</u>	<u>\$ 499,533</u>	<u>\$ 14,724,760</u>

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

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Monclova Township, Lucas County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Lucas County Sherriff's Office to provide police protection services to the Township.

***Public Entity Risk Pool and Economic Development Contracts***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. The Township also participates in a joint venture and economic development contracts with neighboring municipalities, created pursuant to ORC 715. The legislative authorities of the contracting parties have formed districts or zones to develop land for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in those municipalities. These statutorily created entities are governed by independent appointed boards of directors. Notes 7, 12, and 13 to the financial statements provides additional information for these entities.

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 is 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 accounts for and reports property tax money restricted for construction, maintenance, and repair of roads within the Township.

***Special Fire Levy Fund*** – The Special Fire Levy Fund accounts for and reports property tax money restricted for fire department expenses.

***Police Levy Fund*** – This fund received property tax money to pay for police service expenses.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had no receipt or disbursement activity in any of the Debt Service Funds in 2021.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

**OPWC Fund** - This fund received OPWC loan funds for the reconstruction of various road projects within the Township.

**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 and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**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.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

***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 14.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects fund by \$228,828 for the year ended December 31, 2021.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 4 – 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	\$ 2,480,550	\$ 2,611,257	\$ 130,707
Special Revenue	6,103,600	5,730,371	(373,229)
Capital Projects	345,840	504,153	158,313
<b>Total</b>	<b>\$ 8,929,990</b>	<b>\$ 8,845,781</b>	<b>\$ (84,209)</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,230,846	\$ 5,541,125	\$ 689,721
Special Revenue	6,152,057	5,677,631	474,426
Capital Projects	504,153	732,981	(228,828)
<b>Total</b>	<b>\$ 12,887,056</b>	<b>\$ 11,951,737</b>	<b>\$ 935,319</b>

**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:

	2021
<b>Cash Management Pool:</b>	
Demand deposits	\$ 6,407,438
Total deposits	6,407,438
STAR Ohio	8,317,322
Total investments	8,317,322
<i>Total carrying amount of deposits and investments held in the Pool</i>	<b>\$ 14,724,760</b>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$39,759 in unremitted employee payroll withholdings.



**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 5 – Deposits and Investments (Continued)**

***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.

At December 31, 2021, \$3,081,579 of deposits were not insured or collateralized due to the financial institution having a reduced rate of 50% through the OPCS.

***Investments***

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**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.

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

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

**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.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***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:

	<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***

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

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

***Ohio Police and Fire Retirement System***

The Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2021.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Defined Benefit Pension Plans (Continued)**

**Social Security**

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

**Note 9– Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	<u>\$ 660,201</u>	0%

The Ohio Public Works Commission (OPWC) loans are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal payments. The OPWC loans were received to finance improvements to various township roads. The zero interest loans will be repaid in semiannual installments over ten years. The prior year outstanding balance was understated by \$188,545 for the disbursed balance of loan CL28V that was recorded as Intergovernmental in prior years.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 10 – Debt (Continued)**

***Amortization***

Amortization of the above debt is scheduled as follows (excluding loans CL13X and CL28V for which an amortization schedule is unavailable):

Year Ending December 31:	Ohio Public Works Commission
2022	\$ 64,983
2023	64,983
2024	64,983
2025	49,045
2026	41,196
2027-2031	122,990
Total	<u>\$ 408,180</u>

**Note 11 – Contingent Liabilities**

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

**Note 12 – Joint Ventures**

**Monclova/Whitehouse Joint Economic Development District (JEDD)**

Created in 2010 it is a scattered parcel district with new parcels petitioning to enter the district yearly. The board is made up of five members. Whitehouse appoints one, Monclova Township appoints three and those four members appoint a fifth at large member. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD territory. Per the JEDD contract Whitehouse collects all the income taxes associated with the zone and distributes Monclova Township's share directly which is 75%. The 2021 revenue to Monclova was \$304,994.

**Toledo Express Airport Joint Economic Development District (JEDD)**

This JEDD was created in 2014 between Monclova Township, Swanton Township, and the City of Toledo. The board is made up of five members. Monclova and Swanton jointly appoint two members, the City of Toledo appoints two members, and those four members appoint a fifth at large member. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD territory. Per the JEDD contract the City of Toledo collects all the income taxes associated with the zone and distributes Monclova Township's share directly which is 1/3 of the quarterly distribution to contracting parties. The 2021 revenue to Monclova was \$45,035.

**Monclova Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 13 – Economic Development Contracts**

**Maumee/Monclova/Toledo Joint Economic Development Zone (JEDZ)**

This JEDZ was created in 2003 with 550 acres all within Monclova Township. Each member appoints three board members with equal voting rights. Per the JEDZ contract Maumee collects all the income taxes associated with the zone and distributes them to Monclova and Toledo. The revenue split is 1/3 each. The 2021 revenue to Monclova was \$922,215.

**Note 14 – 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. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 74,383	\$ 440,032	\$ 228,828	\$ 743,243
Total	\$ 74,383	\$ 440,032	\$ 228,828	\$ 743,243

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 15 – 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.

**Note 16 – Prior Period Restatement**

The Special Revenue Fund is being restated in 2021 due to 2020 checks that were voided in 2021. The restatement is as follows:

	Special Revenue Fund
Ending Fund Balance at December 31, 2020	\$ 4,643,662
Restatement	1,260
Restated Fund Balance January 1, 2021	\$ 4,644,922

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

Monclova Township  
Lucas County  
4335 Albon Road  
Monclova, Ohio 43542

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Monclova Township, Lucas County, (the Township) and have issued our report thereon dated July 21, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

***Township's Response to Findings***

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of audit findings. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



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

July 21, 2023

MONCLOVA TOWNSHIP  
LUCAS COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

**Material Weakness**

**Financial Reporting**

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

During 2022 and 2021, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- Debt proceeds were recorded as Other Financing Sources instead of Other Debt Proceeds in the Capital Projects Fund in 2022;
- An Ohio Public Works Commission Grant was recorded as Other Financing Sources instead of Intergovernmental in the Capital Projects Fund in 2022;
- An Other Financing Receipt and corresponding Capital Outlay disbursement was posted in error in the Capital Projects Fund in 2022; and
- Debt proceeds and corresponding Capital Outlay were not posted for a new loan in the Capital Projects Fund in 2022 or 2021.

The notes to the financial statements were also updated in 2022 and 2021 for the effects of these adjustments and other minor errors.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

The following reclassifications were immaterial to the overall financial statements of the Township for December 31, 2022 and 2021 and were not posted to the financial statements or accounting system:

- We noted Intergovernmental receipts were posted to Miscellaneous and Permissive MVL Tax in 2022 and 2021.

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

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response** – Old accounts are deactivated to prevent future mispostings.



MONCLOVA TOWNSHIP  
LUCAS COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-002

**Noncompliance**

**Ohio Revised Code, § 5705.41(B)**, provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

At December 31, 2021 expenditures exceeded appropriations by \$228,828 in the Capital Projects Fund. This was due to the Township not budgeting for the OPWC grant funds paid directly to the vendors on their behalf.

The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the Township encountering deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Township to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Officials' Response** – New process in place to recognize entire project on bid acceptance.

**MONCLOVA TOWNSHIP  
LUCAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001
2020-002	Ohio Revised Code Section 5705.41(B)	Not Corrected	Repeated as Finding 2022-002

# OHIO AUDITOR OF STATE KEITH FABER



**MONCLOVA TOWNSHIP**

**LUCAS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/14/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

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