



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WEST TOWNSHIP  
COLUMBIANA COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

West Township  
Columbiana County  
8610 Knox School Rd.  
Minerva, OH 44657

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of West Township, Columbiana County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of West Township, Columbiana County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

August 18, 2020

**West Township**  
*Columbiana 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, 2019*

	<b>General</b>	<b>Special Revenue</b>	<b>Permanent</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$80,620	\$375,289		\$455,909
Licenses, Permits and Fees		18,271		18,271
Intergovernmental	61,426	234,559		295,985
Special Assessments		4,001		4,001
Earnings on Investments	38	35	\$340	413
Miscellaneous	820	19,069		19,889
<i>Total Cash Receipts</i>	<u>142,904</u>	<u>651,224</u>	<u>340</u>	<u>794,468</u>
<b>Cash Disbursements</b>				
Current:				
General Government	92,461	23	205	92,689
Public Works	8,730	615,024		623,754
Health	18,227	15,792		34,019
Debt Service:				
Principal Retirement	20,938	88,311		109,249
Interest and Fiscal Charges	205	3,897		4,102
<i>Total Cash Disbursements</i>	<u>140,561</u>	<u>723,047</u>	<u>205</u>	<u>863,813</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,343</u>	<u>(71,823)</u>	<u>135</u>	<u>(69,345)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued		68,000		68,000
Sale of Capital Assets	5,500			5,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>5,500</u>	<u>68,000</u>		<u>73,500</u>
<i>Net Change in Fund Cash Balances</i>	7,843	(3,823)	135	4,155
<i>Fund Cash Balances, January 1</i>	41,243	212,697	26,389	280,329
<b>Fund Cash Balances, December 31</b>				
Restricted		208,874	26,524	235,398
Assigned	2,200			2,200
Unassigned (Deficit)	46,886			46,886
<i>Fund Cash Balances, December 31</i>	<u>\$49,086</u>	<u>\$208,874</u>	<u>\$26,524</u>	<u>\$284,484</u>

See accompanying notes to the financial statements

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**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of West Township, Columbiana County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides for maintenance for the roads and cemeteries.

The Township Fire & EMS protection is provided by the Sandy Creek Joint Fire District in Minerva, Ohio.

**Public Entity Risk Pool:**

The Township participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 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.

**B. Basis of Presentation**

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

**C. Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**D. 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 sale. This basis records gains and losses at the time of sale as receipts or disbursements respectively.

**E. 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:

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(continued)

**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 expenditures for a specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**Road & Bridge Fund** – This fund receives property tax money for constructing, maintaining, and repairing township roads and bridges.

**Motor Vehicle License Tax Fund** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

**Fire Levy Fund** – West Township does not have a fire levy. The Sandy Creek Joint Fire District has their own levy and raises their own funds. The Sandy Creek Joint Fire District provides for West Township’s Fire and EMS service.

**Road District Fund** This Fund is a voted levy used for the construction, reconstruction, resurfacing and repair of township roads and bridges.

**Permanent Funds** - These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township’s programs. The Township had the following significant Permanent Fund:

**Cemetery Trust Fund** – This fund receives interest earned on the nonexpendable corpus from a trust agreement. The earnings are used for the general maintenance and upkeep of the Township’s cemeteries. The Township has three separate trusts set up for the same purpose.

**F. Budgetary Process**

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

**Appropriations**

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

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**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 also 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 re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

**G. 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 government-fund resources. The Classifications are as follows:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**5. 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 way of the unrestricted fund balance classifications could be used.

**H. Property, Plant, and Equipment**

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

**I. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2019</u>
Demand Deposits	\$257,960
Certificates of Deposit	<u>26,524</u>
Total	<u>\$284,484</u>

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.

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2019:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,985	\$148,404	\$3,419
Special Revenue	688,519	719,224	30,705
Permanent	275	340	65
<b>Total</b>	<b>\$833,779</b>	<b>\$867,968</b>	<b>\$34,189</b>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$159,093	\$140,561	\$18,532
Special Revenue	787,092	723,069	64,023
Permanent	350	205	145
<b>Total</b>	<b>\$946,535</b>	<b>\$863,835</b>	<b>\$82,700</b>

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEMS**

The Township's full-time employees, part-time employees, and elected officials belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2019, OPERS members contributed 10.0% of their wages. The Township contributed an amount equal to 14.0% of participant's gross salaries for 2019. The Township has paid all contributions required through December 31, 2019.

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**6. DEBT**

Debts outstanding as of December 31, 2019 was as follows:

	Principal	Interest Rate
USDA Rural Development	\$68,000	3.50%
Total	\$68,000	

In 2019, the Township refinanced the Consumers National Bank loan for the John Deere 6110 M tractor and an Alamo Boom Mower. The Township was approved by the USDA Rural Development for a \$68,000 loan and a \$47,000 Grant. As of December 31, 2019, the Township owes the USDA Rural Development \$68,000 at 3.5% interest over a 10 year term. The first payment is scheduled for \$5,800 plus interest due July 1, 2020.

***Amortization***

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

Year Ending December 31:	USDA Loan
2020	\$7,981
2021	8,177
2022	8,167
2023	8,150
2024	8,226
2025-2029	39,900
Total	\$80,601

**7. SOCIAL SECURITY**

One Township employee 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, 2019.

**8. RISK MANAGEMENT**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**8. RISK MANAGEMENT (continued)**

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Postemployment Benefits**

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

**10. Subsequent Events**

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

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**West Township**  
*Columbiana 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, 2018*

	<b>General</b>	<b>Special Revenue</b>	<b>Permanent</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$80,783	\$376,559		\$457,342
Licenses, Permits and Fees		19,019		19,019
Intergovernmental	59,718	165,269		224,987
Special Assessments		5,506		5,506
Earnings on Investments	37	40	\$297	374
Miscellaneous	2,083	22,119		24,202
<i>Total Cash Receipts</i>	<u>142,621</u>	<u>588,512</u>	<u>297</u>	<u>731,430</u>
<b>Cash Disbursements</b>				
Current:				
General Government	108,248	183	218	108,649
Public Works	13,730	685,348		699,078
Health	17,110	31,018		48,128
Debt Service:				
Principal Retirement	26,260	8,500		34,760
Interest and Fiscal Charges	1,755			1,755
<i>Total Cash Disbursements</i>	<u>167,103</u>	<u>725,049</u>	<u>218</u>	<u>892,370</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,482)</u>	<u>(136,537)</u>	<u>79</u>	<u>(160,940)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued		80,000		80,000
Sale of Capital Assets	10,815			10,815
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,815</u>	<u>80,000</u>		<u>90,815</u>
<i>Net Change in Fund Cash Balances</i>	(13,667)	(56,537)	79	(70,125)
<i>Fund Cash Balances, January 1</i>	54,910	269,234	26,310	350,454
<b>Fund Cash Balances, December 31</b>				
Restricted		212,697	26,389	239,086
Assigned	14,068			14,068
Unassigned (Deficit)	27,175			27,175
<i>Fund Cash Balances, December 31</i>	<u>\$41,243</u>	<u>\$212,697</u>	<u>\$26,389</u>	<u>\$280,329</u>

See accompanying notes to the financial statements

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**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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The Township Fire & EMS protection is provided by the Sandy Creek Joint Fire District in Minerva, Ohio.

**Public Entity Risk Pool:**

The Township participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 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.

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

**D. 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 sale. This basis records gains and losses at the time of sale as receipts or disbursements respectively.

**E. 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:

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**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 expenditures for a specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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**Permanent Funds** - These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township’s programs. The Township had the following significant Permanent Fund:

**Cemetery Trust Fund** – This fund receives interest earned on the nonexpendable corpus from a trust agreement. The earnings are used for the general maintenance and upkeep of the Township’s cemeteries. The Township has three separate trusts set up for the same purpose.

**F. Budgetary Process**

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

**Appropriations**

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

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(continued)

**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 also 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 re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

**G. 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 government-fund resources. The Classifications are as follows:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**5. 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 way of the unrestricted fund balance classifications could be used.

**H. Property, Plant, and Equipment**

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

**I. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2018</u>
Demand Deposits	\$255,264
Certificates of Deposit	<u>25,065</u>
Total	<u>\$280,329</u>

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.

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**3. BUDGTARY ACTIVITY**

Budgetary activity for the year ended December 31, 2018:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$132,814	\$153,436	\$20,622
Special Revenue	661,351	668,512	7,161
Permanent	240	297	57
<b>Total</b>	<b>\$794,405</b>	<b>\$822,245</b>	<b>\$27,840</b>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,743	\$167,103	\$12,640
Special Revenue	801,630	725,049	76,581
Permanent	400	218	182
<b>Total</b>	<b>\$981,773</b>	<b>\$892,370</b>	<b>\$89,403</b>

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEMS**

The Township's full-time employees, part-time employees, and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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, 2018.

**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**6. DEBT**

Debts outstanding as of December 31, 2018 was as follows:

	Principal	Interest Rate
Building Loan	\$12,886	4.56%
Fernandez Cemetery Loan	17,500	2.90%
Tractor and Mower Loan	80,312	4.00%
Total	\$110,698	

In 2008, the Township borrowed \$250,000 for the construction of the Township Building. The loan was for 20 years, with a variable interest rate. The loan is collateralized by the building. Monthly payments amounts have varied with the current monthly amount being paid by the Township is \$1,500 per month.

In 2016 the Township borrowed \$52,500 for the purchase of 6.9 acres to expand Moultrie Chapel Cemetery. The loan was for 3 years, with an interest rate of 2.90%. The loan is an unsecured signature loan. The annual payment is \$17,500 plus interest due on July 1.

In 2018, the Township purchased a John Deere 6110 M tractor and an Alamo Mower. The net cash paid, after STS discounts and trade-in was \$113,747, including the warranty premium. The Township borrowed \$80,000 to replenish funds spent, the total loan including bank fees was \$80,312.

***Amortization***

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

Year Ending December 31:	Building Loan	Cemetery Loan	Tractor Loan
2019	\$15,031	\$18,007	\$13,235
2020			13,235
2021			13,235
2022			13,235
2023			13,235
2024-2025			26,740
Total	\$15,031	\$18,007	\$92,915

**7. SOCIAL SECURITY**

One Township employee 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, 2018.



**West Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**8. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

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# OHIO AUDITOR OF STATE KEITH FABER



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700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

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

West Township  
Columbiana County  
8610 Knox School Rd.  
Minerva, OH 44657

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of West Township, Columbiana County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 18, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and also noted the Township included a disclosure regarding the potential financial impact of COVID-19 and the ensuing emergency measures.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 18, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**WEST TOWNSHIP**

**COLUMBIANA 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 10/6/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)