



**ELK TOWNSHIP
VINTON COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Elk Township
201 W. North St
McArthur, OH 45651

We have reviewed the *Independent Auditor's Report* of Elk Township, Vinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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. Elk 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

June 14, 2021

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ELK TOWNSHIP
VINTON COUNTY

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Wheeling, WV 26003
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INDEPENDENT AUDITOR'S REPORT

March 26, 2021

Elk Township
Vinton County
64519 King Road
McArthur, Ohio 45651

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 **Elk Township**, Vinton County, (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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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

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

Basis for Qualified Opinion on the General and Special Revenue Funds

As noted in prior audits, the Board of Trustees did not comply with requirements concerning Trustee salary allocations and improperly paid salaries, insurance reimbursements, and insurance premiums from Special Revenue Funds in 2014, 2013, and 2012. Due to the impact these prior audit adjustments would have on the General Fund, the Township declined to make these adjustments.

Had the adjustments noted in the previous audit reports been properly posted to the financial statements and the accounting system, the General Fund cash fund balance would have been decreased \$126,479, the Gasoline Tax Fund cash fund balance would have increased \$76,434, and the Road and Bridge Fund cash fund balance would have increased \$50,045.

Qualified Opinion on the General and Special Revenue Funds

In our opinion, except for the possible effects of the matter discussed in the *Basis for Qualified Opinion on the General and Special Revenue Funds* paragraphs, 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 the General and Special Revenue Funds of Elk Township, Vinton County as of December 31, 2019 and 2018, and 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 2.

Unmodified Opinion

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 the Fiduciary Fund Type of Elk Township, Vinton County as of December 31, 2019 and 2018, and 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 2.

Emphasis of Matter

As discussed in Note 15 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 March 26, 2021, 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.



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

**ELK TOWNSHIP
VINTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 27,155	\$ 199,568	\$ 226,723
Intergovernmental	16,493	138,983	155,476
Earnings on Investments	202	371	573
Miscellaneous	383	10,577	10,960
<i>Total Cash Receipts</i>	<u>44,233</u>	<u>349,499</u>	<u>393,732</u>
Cash Disbursements			
Current:			
General Government	25,378	-	25,378
Public Safety	-	32,369	32,369
Public Works	-	197,401	197,401
Health	-	105,624	105,624
Debt Service:			
Principal Retirement	-	15,298	15,298
Interest and Fiscal Charges	-	930	930
<i>Total Cash Disbursements</i>	<u>25,378</u>	<u>351,622</u>	<u>377,000</u>
<i>Net Change in Fund Cash Balances</i>	18,855	(2,123)	16,732
<i>Fund Cash Balances, January 1</i>	<u>65,880</u>	<u>113,297</u>	<u>179,177</u>
Fund Cash Balances, December 31			
Restricted	-	111,174	111,174
Assigned	45,275	-	45,275
Unassigned	39,460	-	39,460
<i>Fund Cash Balances, December 31</i>	<u>\$ 84,735</u>	<u>\$ 111,174</u>	<u>\$ 195,909</u>

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

ELK TOWNSHIP
VINTON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments (trust funds only)	<u>\$ 12</u>
<i>Total Operating Cash Receipts</i>	<u>12</u>
<i>Operating Income</i>	<u>12</u>
<i>Net Change in Fund Cash Balances</i>	12
<i>Fund Cash Balances, January 1</i>	<u>10,303</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 10,315</u></u>

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

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Elk Township, Vinton 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 and cemetery maintenance. The Township contracts with the McArthur Fire Department to provide fire services.

Public Entity Risk Pool

The Township participates in public entity risk pools. Notes 8 and 13 to the financial statements provide additional information for these entities. These organizations are:

OTARMA – 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”).

CareWorksComp – a Managed Care Organization (MCO) providing a group rating plan for workers compensation.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are 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:

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports that portion of property tax restricted for maintenance and repair of roads within the Township.

Cemetery Fund The cemetery fund accounts for and reports that portion of property tax restricted for maintenance and repair of the Township cemetery.

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of individual lots in the cemeteries maintained by Elk 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 (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.

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceed appropriation authority in the Motor Vehicle License, Gasoline Tax, Road and Bridge, and Fire Funds the for the year ended December 31, 2019.

Note 4 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 25,366	\$ 44,233	\$ 18,867
Special Revenue	280,301	349,499	69,198
Fiduciary	8	12	4
Total	\$ 305,675	\$ 393,744	\$ 88,069

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 56,967	\$ 25,378	\$ 31,589
Special Revenue	367,243	351,622	15,621
Fiduciary	10,303	-	10,303
Total	\$ 434,513	\$ 377,000	\$ 57,513

Note 5 – Deposits

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:

	2019
Demand deposits	\$ 202,250
Certificates of deposit	3,974
Total deposits	\$ 206,224

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

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 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.

Note 7 – Interfund Balances

Outstanding advances at December 31, 2019, consisted of \$3,388 advanced to the Motor Vehicle License Tax fund from the General Fund to provide working capital for operations or projects.

Note 8 - Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 8 - 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>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 10 – Postemployment Benefits

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

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 11 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Promissory Note (Truck) 2018	\$ 7,738	3.00%
Total	\$ 7,738	

The Township had one promissory note outstanding; one for the 2018 purchase of a truck with two years remaining in the amount of \$7,738. In 2019, debt payments were made from the Gasoline Tax and Road and Bridge Funds.

During 2019, the Township paid off loans for the 2014 purchase of a truck and the purchase of a mower.

Amortization

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

Year Ending December 31:	Promissory Notes
2020	\$ 3,276
2021	3,276
2022	1,639
Total	\$ 8,191

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. 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 13 – Public Entity Risk Pool

The Township participates in the CareWorksComp Group Rating Plan for worker's compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Related Party Transactions

A Township Trustee is the owner of a company from which the Township purchased materials and services for road projects during the year. The Township paid \$6,627 for these purchases in 2019.

Note 15 – 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. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**ELK TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 25,442	\$ 197,289	\$ 222,731
Intergovernmental	16,416	130,720	147,136
Earnings on Investments	234	383	617
Miscellaneous	1,740	146,095	147,835
<i>Total Cash Receipts</i>	<u>43,832</u>	<u>474,487</u>	<u>518,319</u>
Cash Disbursements			
Current:			
General Government	28,172	-	28,172
Public Safety	-	32,944	32,944
Public Works	531	374,221	374,752
Health	-	43,399	43,399
Capital Outlay	-	12,000	12,000
Debt Service:			
Principal Retirement	-	13,227	13,227
Interest and Fiscal Charges	-	1,137	1,137
<i>Total Cash Disbursements</i>	<u>28,703</u>	<u>476,928</u>	<u>505,631</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,129</u>	<u>(2,441)</u>	<u>12,688</u>
Other Financing Receipts			
Other Debt Proceeds	-	12,000	12,000
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
<i>Net Change in Fund Cash Balances</i>	15,129	9,559	24,688
<i>Fund Cash Balances, January 1</i>	<u>50,751</u>	<u>103,738</u>	<u>154,489</u>
Fund Cash Balances, December 31			
Restricted	-	113,343	113,343
Assigned	31,601	-	31,601
Unassigned (Deficit)	34,279	(46)	34,233
<i>Fund Cash Balances, December 31</i>	<u>\$ 65,880</u>	<u>\$ 113,297</u>	<u>\$ 179,177</u>

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

ELK TOWNSHIP
VINTON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments (trust funds only)	<u>\$ 8</u>
<i>Total Operating Cash Receipts</i>	<u>8</u>
<i>Operating Income</i>	<u>8</u>
<i>Net Change in Fund Cash Balances</i>	8
<i>Fund Cash Balances, January 1</i>	<u>10,295</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 10,303</u></u>

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

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Elk Township, Vinton 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 and cemetery maintenance. The Township contracts with the McArthur Fire Department to provide fire services.

Public Entity Risk Pool

The Township participates in public entity risk pools. Notes 8 and 13 to the financial statements provide additional information for these entities. These organizations are:

OTARMA – 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”).

CareWorksComp – a Managed Care Organization (MCO) providing a group rating plan for workers compensation.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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Fund Accounting

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

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

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports that portion of property tax restricted for maintenance and repair of roads within the Township.

Cemetery Fund The cemetery fund accounts for and reports that portion of property tax restricted for maintenance and repair of the Township cemetery.

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of individual lots in the cemeteries maintained by Elk 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 (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.

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

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

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

A summary of 2018 budgetary activity appears in Note 4

Deposits and Investments

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

Capital Assets

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

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceed appropriation authority in the Gasoline Tax, Road and Bridge, and Fire Funds the for the year ended December 31, 2018.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 24,922	\$ 43,832	\$ 18,910
Special Revenue	486,126	486,487	361
Fiduciary	8	8	-
Total	\$ 511,056	\$ 530,327	\$ 19,271

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 4 – Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 53,329	\$ 28,703	\$ 24,626
Special Revenue	305,609	476,928	(171,319)
Fiduciary	4,628	-	4,628
Total	\$ 363,566	\$ 505,631	\$ (142,065)

Note 5 – Deposits

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:

	2018
Demand deposits	\$ 185,506
Certificates of deposit	3,974
Total deposits	\$ 189,480

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

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 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.

Note 7 – Interfund Balances

Outstanding advances at December 31, 2018, consisted of \$3,388 advanced to the Motor Vehicle License Tax fund from the General Fund to provide working capital for operations or projects.

Note 8 - Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 8 - 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>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 10 – Postemployment Benefits

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

ELK TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 11 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
Promissory Note (Truck) 2014	\$ 5,418	3.00%
Promissory Note (Mower)	6,938	3.19%
Promissory Note (Truck) 2018	10,680	3.85%
Total	\$ 23,036	

The Township had three promissory notes outstanding; one for the 2014 purchase of a truck with one year remaining in the amount of \$5,418, one for the purchase of a mower with one year remaining in the amount of \$6,938, and one for the 2018 purchase of a truck with three years remaining in the amount of \$10,680. In 2018, debt payments were made from the Gasoline Tax, Road and Bridge, and Cemetery Funds.

Amortization

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

Year Ending December 31:	Promissory Notes
2019	\$ 15,918
2020	3,276
2021	3,276
2022	1,639
Total	\$ 24,109

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. 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 13 – Public Entity Risk Pool

The Township participates in the CareWorksComp Group Rating Plan for worker's compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Related Party Transactions

A Township Trustee is the owner of a company from which the Township purchased materials and services for road projects during the year. The Township paid \$12,110 for these purchases in 2018.

Note 15 – 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. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.



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304.422.2203

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740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

March 26, 2021

Elk Township
Vinton County
64519 King Road
McArthur, Ohio 45651

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 **Elk Township**, Vinton 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 March 26, 2021, 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 we noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We qualified our opinion on the General and Special Revenue Fund types for 2019 and 2018 due to the Township not making a \$126,479 audit adjustment against the General Fund and increasing the fund balance of the Gasoline Tax Fund in the amount of \$76,434 and increasing the Road and Bridge Fund cash balance by \$50,045.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Internal Control Over Financial Reporting (Continued)

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 a 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. We consider findings 2019-001 through 2019-005 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2019-006 and 2019-007 described in the accompanying schedule of audit findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2019-006 through 2019-009.

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.



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

ELK TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019 and 2018, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Budget carryover in the General Fund was misclassified as Unassigned instead of Assigned in 2019 and 2018;
- The negative fund balance of the Fire Fund was misclassified as Restricted instead of Unassigned (Deficit) in 2018;
- Cigarette tax and liquor permit receipts were misclassified as Licenses, Permits and Fees instead of Intergovernmental in 2019 and 2018;
- Payroll disbursements for Township Trustees were not allocated to funds correctly based on signed payroll certifications in 2019 and 2018;
- Proceeds from a promissory note were misclassified as Miscellaneous instead of Other Debt Proceeds in the Road and Bridge Fund in 2018;
- Purchase of a new truck with debt proceeds was misclassified as Public Works instead of Capital Outlay in the Road and Bridge Fund in 2018;
- Debt payments were misclassified as Public Works instead of Principal Retirement and Interest and Fiscal Charges in the Gasoline Tax and Road and Bridge Funds in 2019 and 2018;
- Cemetery Bequest Funds were incorrectly posted to the Governmental Statements as Permanent Funds instead of the Fiduciary Statement as Private Purpose Trust Funds in 2019 and 2018; and
- A receipt from a Trustee for a 2018 salary overpayment was not allocated to the correct funds based on signed payroll certifications from 2018.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The Township has made the adjustments to their accounting ledgers. The financial statements reflect all adjustments and reclassifications.

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. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – We did not receive a response from officials to this finding.

ELK TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-002

Material Weakness

Receipt Journal

Financial statements are compiled from subsidiary accounting ledgers. The ledgers are necessary in order to accurately track individual transactions and the appropriate fund balance postings and line-item classifications.

The Township did not present a receipt journal for 2018 for audit.

We were able to gain assurances over 2018 receipts through the cash journal, Vinton County confirmations, State of Ohio confirmations, and County Auditor settlement sheets.

We recommend the Township implement procedures to ensure that a receipt journal detailing receipts received is maintained.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-003

Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to accounting system balances. Outstanding checks greater than one year and other reconciling items were included on the bank reconciliations of the Township. Cemetery Bequest Funds were not always included in the bank reconciliations.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total accounting ledger balance. Copies of bank reconciliations should be presented to the Township Board for review, approval, and use in managing the Township. The Fiscal Officer should reconcile activity entered in the accounting system to the bank balance and errors should be corrected in a timely manner.

Management's Response – We did not receive a response from officials to this finding.

ELK TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-004

Material Weakness

Advances

Inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans and to provide the necessary “seed” for grants that are allocated on a reimbursement basis. The intent for cash advances is to require repayment within the current or succeeding year. Inter-fund cash advances are subject to the following requirements:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Ohio Revised Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the “creditor” fund) for the same purpose for which the fund receiving the cash (the “debtor” fund) was established;
- The debtor fund may repay advances from the creditor fund. That is, the Auditor of State would not deem repaying advances to violate restrictions on use of the debtor’s fund resources; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:
 - A specific statement that the transaction is an advance of cash, and
 - An indication of the money (fund) from which it is expected that repayment will be made.

When a fund ends the year with a negative cash, it is not appropriate to present and *advance* on the budgetary statement to eliminate the negative cash balance. Even though, in substance, the government has made an advance, it is not acceptable to “hide” noncompliance by creating an advance not properly authorized by the government.

If, after an advance is made, the taxing authority determines that the transaction should, in fact, be treated as a transfer (repayment is no longer expected) the following procedures should be followed retroactively:

- The necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas (see Ohio Revised Code Section 5705.14, 5705.15 and 5705.16);
- The transfers should be formally recorded on the records of the subdivision; and
- The entries recording the cash advance should be reversed.

In 2015, the Township advanced \$3,388 from the General Fund to the Motor Vehicle License Tax Fund. This advance was not repaid through December 31, 2019.

We recommend the Township track all outstanding advances and ensure that if they are not repaid that they take the necessary steps to convert them to transfers if it becomes apparent that repayment will not occur. We also recommend that the Township Trustees approve all advances before they occur.

Management’s Response – We did not receive a response from officials to this finding.

ELK TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-005

Material Weakness

Manual Financial Statement Presentation

For the years under audit, there were errors in footing and cross footing in the combined and combining statements of the annual report. Some of the footing errors were due to rounding and some errors were due to inaccurate balances carried forward from the Township's ledgers to the financial statements. In addition, a portion of the Private Purpose Trust Fund's balance was not recorded in the manual ledgers.

The lack of due care in compiling the financial statements could result in errors of irregularities occurring without being detected in the normal course of business, or on a timely basis. All adjustments and reclassifications were completed and are reflected in the accompanying financial statements.

We recommend the Fiscal Officer exercise diligence in compiling the financial statements and care should be taken to ensure that the proper beginning balances are carried forward, rounding is considered and adjusted for in arriving at final totals, and proper totals are carried forward from the manual ledgers to the combining and combined statements. When complete, the statements should be double-checked for accuracy.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-006

Significant Deficiency/Noncompliance

Trustee Salary Allocation

Ohio Revised Code § 505.24(C), sets forth the method by which township trustees' compensation should be allocated. This section is amplified by Ohio Attorney General (OAG) Opinion 2004-006. This section requires that compensation of a township trustee must be paid from the Township General Fund or from such other township funds, in such proportions as the Board may specify by resolution. In addition, trustees are to establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matter related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the Trustees document all time spent on Township business and the type of service performed, in a manner similar to trustees paid per diem compensation.

During 2019, the Fiscal Officer apportioned the Trustees' salaries to the General, Gasoline Tax, and Road and Bridge Funds. The amounts charged did not agree to the payroll certifications that were prepared. As a result, the Gasoline Tax and Road and Bridge Funds were incorrectly charged \$1,460 and \$741, respectively, which should have been charged to the General Fund in 2019. During 2018, the Fiscal Officer apportioned the Trustees' salaries to the General, Gasoline Tax, and Road and Bridge Funds. The amounts charged did not agree to the payroll certifications that were prepared. As a result, the Road and Bridge Fund was incorrectly charged \$5,897, of which \$1,123 and \$4,774 should have been charged to the General and Gasoline Tax Funds, respectively, in 2018. As a result, adjustments were made in order to fairly present the annual financial statements. The financial statements reflect these adjustments and all adjustments have been made to the Township's accounting ledgers.

ELK TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-006 (Continued)

Trustee Salary Allocation (Continued)

We recommend all Trustees' salaries be paid according to administrative procedures established to document the proportionate amount of trustees' salaries chargeable to other Township funds.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-007

Significant Deficiency/Noncompliance

Negative Fund Balances

Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates that money from another fund or funds was used to pay obligations of the fund or funds that carry the deficit fund balance.

The Fire Fund had a deficit fund balance of \$46 at December 31, 2018.

The Township Fiscal Officer and Board should monitor fund balances to ensure that expenditures are made within appropriated levels of available funds to prevent negative fund balances.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-008

Noncompliance

Expenditures Exceeded Appropriations

Ohio Rev. Code § 5705.41(B) states in part that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

Expenditures exceeded appropriations in the Gasoline Tax, Road and Bridge, and Fire Funds for the year ended December 31, 2018. Expenditures exceeded appropriations in the Motor Vehicle License, Gasoline Tax, Road and Bridge, and Fire Funds for the year ended December 31, 2019.

The Board had no procedures in place to ensure expenditures remain within appropriations. Spending money in excess of appropriations could lead to deficit balances. The Township should take the steps necessary to monitor actual expenditures in comparison to appropriations. When necessary, appropriations should be amended to meet the level of spending. If it is not possible to make the necessary appropriation amendments, the Township should take the necessary measure to reduce spending within appropriated levels.

Management's Response – We did not receive a response from officials to this finding.

ELK TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-009

Noncompliance

Allowable Debt

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. § 133.22 allows a subdivision to issue anticipatory securities; § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision; § 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2018, the Board of Trustees and Fiscal Officer issued a promissory note in the amount of \$12,000 with The Vinton County National Bank to purchase a truck. Because this type of debt is a promissory note between a banking institution and the Township, the note does not meet the requirements set forth in the Ohio Rev. Code Chapter 133. The Ohio Rev. Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships.

We recommend the Board of Trustees consult with the Township's legal counsel prior to incurring future debt.

Management's Response – We did not receive a response from officials to this finding.

**ELK TOWNSHIP
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Posting Receipts, Disbursements and Fund Balance Classification	Not Corrected	Repeated as Finding 2019-001
2017-002	Township Official's Salary	Corrected	N/A
2017-003	Allocation of Trustee's Salary	Not Corrected	Repeated as Finding 2019-006
2017-004	Advances	Not Corrected	Repeated as Finding 2019-004
2017-005	Manual Financial Statement Presentation	Not Corrected	Repeated as Finding 2019-005
2017-006	Negative Fund Balances	Not Corrected	Repeated as Finding 2019-007
2017-007	Ohio Revised Code 5705.39	Corrected	N/A
2017-008	Ohio Revised Code 5705.41(D)	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



ELK TOWNSHIP

VINTON 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 6/24/2021

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