



OHIO AUDITOR OF STATE  
**KEITH FABER**





**GREEN TOWNSHIP  
SCIOTO COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Green Township  
Scioto County  
P.O. Box 65  
Franklin Furnace, Ohio 45629

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of the Green Township, Scioto County, (the Township), as of and for the years ended December 31, 2019 and December 31, 2018. These procedures were designed to satisfy the audit requirements of Section 117.11, Ohio Rev. Code, and Section 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

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

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider Findings 2019-002 and 2019-008, 2019-009, 2019-012 through 2019-014, 2019-016, and 2019-019 through 2019-025 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2019-001, 2019-003 through 2019-007, and 2019-009 through 2019-018.

### ***Emphasis of Matter***

As discussed in Note 12 to the 2019 financial statements and Note 13 to the 2018 financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Township.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio  
April 21, 2021

**Green Township**  
*Scioto 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*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$128,796	\$836,750	\$965,546
Charges for Services	0	152,466	152,466
Licenses, Permits and Fees	17,781	0	17,781
Intergovernmental	53,541	201,650	255,191
Earnings on Investments	68	0	68
Miscellaneous	10,850	55,761	66,611
Unclassified	5,520	0	5,520
<i>Total Cash Receipts</i>	<u>216,556</u>	<u>1,246,627</u>	<u>1,463,183</u>
<b>Cash Disbursements</b>			
Current:			
General Government	230,718	17,675	248,393
Public Safety	0	852,739	852,739
Public Works	4,313	151,140	155,453
Health	3,614	21,977	25,591
Capital Outlay	0	221,975	221,975
Debt Service:			
Principal Retirement and Interest	0	44,488	44,488
<i>Total Cash Disbursements</i>	<u>238,645</u>	<u>1,309,994</u>	<u>1,548,639</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,089)</u>	<u>(63,367)</u>	<u>(85,456)</u>
<b>Other Financing Receipts</b>			
Insurance Proceeds	0	47,316	47,316
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>47,316</u>	<u>47,316</u>
<i>Net Change in Fund Cash Balances</i>	(22,089)	(16,051)	(38,140)
<i>Fund Cash Balances, January 1</i>	<u>9,031</u>	<u>436,058</u>	<u>445,089</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	420,007	420,007
Unassigned (Deficit)	<u>(13,058)</u>	<u>0</u>	<u>(13,058)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$13,058)</u></u>	<u><u>\$420,007</u></u>	<u><u>\$406,949</u></u>

*See accompanying notes to the basic financial statements*

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**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Green Township, Scioto County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. Police protection is provided by the Scioto County Sheriff's Department.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Emergency Management Services Fund*** This fund receives property tax money and charges for services to provide ambulatory services to residents of the Township.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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.

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

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

**Encumbrances** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentation for material items that should have been encumbered.

A summary of 2019 budgetary activity appears in Note 4.

**Deposits**

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**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, the Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission. Also, contrary to Ohio law, the Board did not approve permanent appropriations on or about January 1. Furthermore, contrary to Ohio law, the minutes did not document the amounts or levels of budgetary control of any appropriations approved by the Board. Contrary to Ohio law, no appropriations were filed with the County Auditor or provided for audit.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$238,645; the Motor Vehicle License Tax Fund by \$20,000; the Gasoline Tax Fund by \$80,000, the Road and Bridge Fund by \$183,188; the Cemetery Fund by \$21,977; Fire Fund by \$267,928; and the Emergency Management Services Fund by \$736,901 for the year ended December 31, 2019. Also contrary to Ohio law, transactions were not certified by Fiscal Officer at time the commitment was incurred.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

Fund Type	2019 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$199,982	\$216,556	\$16,574
Special Revenue	1,254,796	1,293,943	39,147
Total	\$1,454,778	\$1,510,499	\$55,721

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$238,645	(\$238,645)
Special Revenue	0	1,309,994	(1,309,994)
Total	\$0	\$1,548,639	(\$1,548,639)

**Note 5 – Deposits**

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

	2019
Demand deposits	\$406,949

***Deposits***

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

**Note 6 – Debt**

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

	Principal	Interest Rate
Fire Truck Lease	\$84,978	3.05%
Total	\$84,978	

On November 7, 2017, the Township entered into a lease-purchase agreement to finance the purchase of a fire truck. The Township is scheduled to make annual payments in the amount of \$44,488 which includes interest through 2021. The lease is collateralized by the fire truck.

***Amortization***

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

Year Ending December 31:	Fire Truck Lease
2020	\$44,488
2021	44,488
Total	\$88,976

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 – Property Taxes**

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

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

**Note 8 – Risk Management**

*Commercial Insurance*

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 9 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

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

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

**Note 10 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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.

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 11 – 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 12 – COVID-19**

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 continuing emergency measures will impact subsequent periods of the Township. The Township's investments of the pension and other employee benefit plan in which the Township participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. 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.

**Note 13 – Subsequent Events**

In 2020, the Township entered into a lease-purchase agreement to finance the purchase of an EMS squad. The Township is scheduled to make annual payments in the amount of \$45,603 which includes interest through 2024. The lease is collateralized by the EMS squad.

**Green Township**  
*Scioto 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*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$129,503	\$842,843	\$0	\$972,346
Charges for Services	0	99,657	0	99,657
Licenses, Permits and Fees	16,211	0	0	16,211
Intergovernmental	57,479	173,958	60,000	291,437
Earnings on Investments	64	0	0	64
Miscellaneous	17,725	67,657	0	85,382
Unclassified	3,577	1,715	0	5,292
<i>Total Cash Receipts</i>	<u>224,559</u>	<u>1,185,830</u>	<u>60,000</u>	<u>1,470,389</u>
<b>Cash Disbursements</b>				
Current:				
General Government	215,540	17,495	0	233,035
Public Safety	0	859,009	0	859,009
Public Works	5,361	137,436	0	142,797
Health	9,557	23,056	0	32,613
Capital Outlay		280,937	60,000	340,937
Debt Service:				
Principal Retirement and Interest	0	44,838	0	44,838
<i>Total Cash Disbursements</i>	<u>230,458</u>	<u>1,362,771</u>	<u>60,000</u>	<u>1,653,229</u>
<i>Net Change in Fund Cash Balances</i>	(5,899)	(176,941)	0	(182,840)
<i>Fund Cash Balances, January 1 - Restated (see Note 11)</i>	<u>14,930</u>	<u>612,999</u>	<u>0</u>	<u>627,929</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	436,058	0	436,058
Unassigned (Deficit)	9,031	0	0	9,031
<i>Fund Cash Balances, December 31</i>	<u>\$9,031</u>	<u>\$436,058</u>	<u>\$0</u>	<u>\$445,089</u>

*See accompanying notes to the basic financial statements*

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**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Green Township, Scioto County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. Police protection is provided by the Scioto County Sheriff's Department.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Fire Fund*** This fund receives property tax money to provide fire protection to residents of the Township.

***Emergency Management Services Fund*** This fund receives property tax money and charges for services to provide ambulatory services to residents of the Township.

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

***Miscellaneous Capital Project Fund*** This fund received receipts and disbursements from Scioto County on behalf of the Township for the resurfacing of Township roads.

***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 Township 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).

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentation for material items that should have been encumbered.

A summary of 2018 budgetary activity appears in Note 4.

***Deposits***

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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, the Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission. Also, contrary to Ohio law, the Board did not approve permanent appropriations on or about January 1. Furthermore, contrary to Ohio law, the minutes did not document the amounts or levels of budgetary control of any appropriations approved by the Board. Contrary to Ohio law, no appropriations were filed with the County Auditor or provided for audit.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$230,458; the Motor Vehicle License Tax Fund by \$35,000; the Gasoline Tax Fund by \$141,287, the Road and Bridge Fund by \$119,047; the Cemetery Fund by \$23,055; Fire Fund by \$288,339; the Emergency Management Services Fund by \$756,043; and the Miscellaneous Capital Project Fund by \$60,000 for the year ended December 31, 2018. Also contrary to Ohio law, transactions were not certified by Fiscal Officer at time the commitment was incurred.

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$178,202	\$224,559	\$46,357
Special Revenue	1,200,952	1,185,830	(15,122)
Capital Projects	0	60,000	60,000
<b>Total</b>	<b>\$1,379,154</b>	<b>\$1,470,389</b>	<b>\$91,235</b>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$230,458	(\$230,458)
Special Revenue	0	1,362,771	(1,362,771)
Capital Projects	0	60,000	(60,000)
<b>Total</b>	<b>\$0</b>	<b>\$1,653,229</b>	<b>(\$1,653,229)</b>

**Note 5 – Deposits**

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

	2018
Demand deposits	\$445,089

**Deposits**

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

**Note 6 – Debt**

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

	Principal	Interest Rate
Fire Truck Lease	\$125,590	3.05%
<b>Total</b>	<b>\$125,590</b>	

On November 7, 2017, the Township entered into a lease-purchase agreement to finance the purchase of a fire truck. The Township is scheduled to make annual payments in the amount of \$44,488 which includes interest through 2021. The lease is collateralized by the fire truck.

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Amortization***

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

<u>Year Ending December 31:</u>	<u>Fire Truck Lease</u>
2019	\$44,488
2020	44,488
2021	44,488
Total	<u>\$133,464</u>

**Note 7 – Property Taxes**

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

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

**Note 8 – Risk Management**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 9 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Green Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 10 – Postemployment Benefits**

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

**Note 11 – Restatement of Beginning Balances**

During 2018, the Township posted audit adjustments for a prior period. As such, beginning balances were restated accordingly. Those restatements had the following effect on beginning balances:

Fund Type	December 31, 2017 Audited Balance	January 1, 2018 Restated Balance	Restatement Amount
General	\$14,999	\$14,930	(\$69)
Special Revenue	660,219	612,999	(47,220)
Total	<u>\$675,218</u>	<u>\$627,929</u>	<u>(\$47,289)</u>

**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 – COVID-19**

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 continuing emergency measures will impact subsequent periods of the Township. The Township’s investments of the pension and other employee benefit plan in which the Township participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. 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.

**Note 14 – Subsequent Events**

In 2020, the Township entered into a lease-purchase agreement to finance the purchase of an EMS squad. The Township is scheduled to make annual payments in the amount of \$45,603 which includes interest through 2024. The lease is collateralized by the EMS squad.

**GREEN TOWNSHIP  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

**FINDING NUMBER 2019-001**

**Finding for Recovery Repaid Under Audit and Noncompliance**

**Ohio Rev. Code § 507.09(A)** provides a township fiscal officer shall be entitled to compensation as follows:

In a township having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars, twenty-one thousand eight hundred thirty-six dollars; in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars; eighteen thousand seven hundred seventeen dollars.

The Township's annual budget was between \$750,000 - \$1,500,000 for 2019 and \$1,500,000 - \$3,500,000 for 2018. Based on this budget amount, Ohio Rev. Code § 507.09(A) limited the annual salary for former Fiscal Officer, Sandra Cherry to \$18,717 in 2019 and \$21,836 in 2018. However, the former Fiscal Officer was paid incorrectly both years, as follows:

	2019	2018
Fiscal Officer Compensation Annual Allowable Salary	\$18,717	\$21,836
Former Fiscal Officer compensation amount received	\$20,796	\$20,796
Over/(Under) Payment	\$2,079	(\$1,040)

Based on the chart above, the former Fiscal Officer was over compensated in the amount of \$1,039 (net of 2019 & 2018 over/(under) payments). Trustees Darrell Thomas, Jr, Harold Ruggles and Noah Waddell approved these payments in 2019 and 2018 for former Fiscal Officer Sandra Cherry.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Fiscal Officer, Sandra Cherry; her surety company, CNA Surety; Darrell Thomas, Jr; Harold Ruggles; and Noah Waddell, jointly and severally, in the amount of \$1,039 (\$2,079 - \$1,040), and in favor of Green Township, Scioto County, General Fund in the amount of \$1,039.

The Township received repayment from Sandra Cherry, on May 5, 2021, via check number 1002, in the amount of \$1,039.

**FINDING NUMBER 2019-002**

**Internal Control Deficiency**

The Township has a credit card policy (12.17) which states that the following payment review and procedures must be adhered to: Detailed invoices or receipts are required for all transactions using the Township credit card. Invoices and/or receipts must show the transaction date, the dollar amount of the transaction, as well as a description of the transaction (service or item(s) purchased), and the authorized signature (if applicable) of the township elected official or employee making the purchase. All such paperwork must be submitted to the Fiscal Officer no later than the next business day after completing the transaction.

The Township obtained a credit card during 2019. While testing the Township's credit card, the following were noted:

**FINDING NUMBER 2019-002  
(Continued)**

- The September 2019 credit card balance was not paid in full.
- As a result of the above, the October 2019 credit card statement had a carryover balance which resulted in a \$42 fee. The entire balance of the October 2019 credit card statement was paid in two payments, on October 31, 2019 and November 1, 2019.
- The Township did not retain the September 2019 credit card statement (See Finding Number 2019-008)
- The Township did not retain all itemized receipts for expenditures. (See Finding Number 2019-008)

This could result in issues relating to the use of credit cards and potential unallowable expenditures or expenditures which are not for a proper public purpose. Unallowable expenditures or expenditures which are determined to not be a proper public purpose could result in findings for recovery being issued. It could also lead to questions arising as to the proper use of credit cards and the necessary documentation / approval needed to utilize them.

We make the following recommendations:

- We recommend the Township retain all documentation and itemized receipts relating to credit card transactions.
- We recommend the Township pay the entire balance on the monthly credit card statements. The payment of late fees may be determined to not be a proper public purpose.

**FINDING NUMBER 2019-003**

**Noncompliance**

**Ohio Rev. Code § 9.38** provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

To date, the Township has not approved a policy to extend the time between collection and deposit beyond one business day.

For 2018, \$910,226 in real estate taxes, manufactured home taxes and tangible person property taxes receipts were not deposited with the designated depository for a period ranging from four to twenty-two business days. For 2019, \$896,064 in real estate taxes, manufactured home taxes and tangible property taxes receipts were not deposited with the designated depository for a period ranging from four to twenty-eight days. Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

The Township should draft, approve, and implement policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.



#### FINDING NUMBER 2019-004

##### Noncompliance

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

One of the Township's elected officials with a term ending in 2019, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

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

#### FINDING NUMBER 2019-005

##### Noncompliance

**Ohio Rev. Code § 117.103 (B)(1)** states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Furthermore, Ohio Rev. Code § 117.103 (B)(2) states that on the effective date of this section (May 4, 2012), each public office shall make all its employees aware of the fraud-reporting system.

For 2019 and 2018, the Township neither made its current employees aware of the new fraud reporting system nor made new employees confirm receipt of this information. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

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

#### FINDING NUMBER 2019-006

##### Noncompliance

**Ohio Rev. Code § 117.38** requires some public offices file financial reports with the Auditor of State within 60 days of fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The Auditor of State may waive these penalties, upon the filing of the past due financial report.

The Fiscal Officer did not file unaudited financial statements in the Auditor of State Hinkle System for the year ended December 31, 2018, within 60 days of year-end. The report was filed on March 23, 2019.

The Fiscal Officer did not file unaudited financial statements in the Auditor of State Hinkle System for the year ended December 31, 2019, within 60 days of year-end. The report was filed on March 24, 2020.

Pursuant to Ohio Rev. Code § 117.38 the Township may be fined and subject to various other administrative remedies for its failure to timely file the required financial report.

**FINDING NUMBER 2019-006  
(Continued)**

We recommend the Township develop procedures to ensure complete unaudited financial statements are filed for future years with the Auditor of State of Ohio before the due date.

**FINDING NUMBER 2019-007**

**Noncompliance**

**Ohio Rev. Code § 135.22(B)** states that to enhance the background and working knowledge of treasurers in investments, cash management, and ethics, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State's office in fiscal years 2019 or 2018.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

**FINDING NUMBER 2019-008**

**Internal Control Deficiency**

Maintaining organized documentation and support for financial transactions is essential in assuring the Township financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The Township was unable to locate underlying documentation and support for the following:

- Supporting invoice documentation for check #23919 paid to Finley Fire Equipment in the amount of \$60,000 on August 22, 2019 to pay for the down payment for an ambulance. Alternate procedures were performed where it was determined that the disbursement was for a proper public purpose.
- Supporting invoice documentation for check #21999 paid to Finley Fire Equipment in the amount of \$110,153 on January 1, 2018 to pay for the down payment for a fire truck. Alternate procedures were performed where it was determined that the disbursement was for a proper public purpose.
- Monthly credit card statement for September 2019. (See Finding Number 2019-002).
- Itemized receipts for expenditures paid for by credit card. Alternative procedures were performed where it was determined that the disbursements were for a proper public purpose (See Finding Number 2019-002).
- Permanent Appropriations for 2018 and for 2019 (See Finding Number 2019-013).
- Support for employee withholdings (such as W-4's, OPERS enrollment forms, etc.) and leave approval forms.

Also, the Township was unable to locate several voided checks. Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

**FINDING NUMBER 2019-008  
 (Continued)**

The Township should maintain all invoices for all financial transactions and records be maintained in an orderly manner to support all transactions.

**FINDING NUMBER 2019-009**

**Noncompliance and Internal Control Deficiency**

**Ohio Rev. Code § 145.47(B)** provides, in part, the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period.

Ohio Public Employees Retirement System (OPERS) payroll reports and withholdings (including both the employee and employer share) were not remitted for the proper amount or timely as follows:

For 2019:

	<b>Employee Amount withheld per Withholding Summary Report via the UAN System</b>	<b>Employer Amount Due per Withholding Summary Report via the UAN system</b>	<b>Total Due for the Month</b>	<b>Date paid per bank statement</b>	<b>Total Paid per bank statement</b>	<b>Difference</b>
January	\$ 3,330	\$ 4,662	\$ 7,992	January 25, 2019	\$ 7,478	\$ (514)
February	\$ 3,042	\$ 4,258	\$ 7,300	March 18, 2019	\$ 11,290	\$ 3,990
March	\$ 3,179	\$ 4,450	\$ 7,629	April 10, 2019	\$ 4,229	\$ (3,400)
April	\$ 3,170	\$ 4,439	\$ 7,609	April 10, 2019	\$ 10,733	\$ 3,124
May	\$ 4,842	\$ 6,779	\$ 11,621	May 14, 2019	\$ 8,129	\$ (3,492)
June	\$ 3,646	\$ 5,104	\$ 8,750	June 14, 2019	\$ 7,992	\$ (758)
July	\$ 3,580	\$ 5,012	\$ 8,592	August 7, 2019	\$ 8,593	\$ 1
August	\$ 3,441	\$ 4,818	\$ 8,259	August 28, 2019	\$ 8,750	\$ 491
September	\$ 3,319	\$ 4,647	\$ 7,966	September 18, 2019	\$ 11,829	\$ 3,863
October	\$ 4,847	\$ 6,786	\$ 11,633	November 4, 2019	\$ 7,801	\$ (3,832)
November	\$ 3,350	\$ 4,690	\$ 8,040	December 13, 2019	\$ 7,801	\$ (239)
December	\$ 3,193	\$ 4,470	\$ 7,663	December 31, 2019	\$ 8,631	\$ 968
<b>Total:</b>	<b>\$ 42,939</b>	<b>\$ 60,115</b>	<b>\$ 103,054</b>		<b>\$ 103,256</b>	<b>\$ 202</b>

**FINDING NUMBER 2019-009  
 (Continued)**

For 2018:

	<b>Employee Amount withheld per Withholding Summary Report via the UAN System</b>	<b>Employer Amount Due per Withholding Summary Report via the UAN system</b>	<b>Total Due for the Month</b>	<b>Date paid per bank statement</b>	<b>Total Paid per bank statement</b>	<b>Difference</b>
January	\$ 3,461	\$ 4,845	\$ 8,306	February 28, 2018	\$ 7,742	\$ (564)
February	\$ 3,349	\$ 4,689	\$ 8,038	March 1, 2018	\$ 8,306	\$ 268
March	\$ 3,047	\$ 4,266	\$ 7,313	April 18, 2018	\$ 8,183	\$ 870
April	\$ 3,315	\$ 4,640	\$ 7,955	May 14, 2018	\$ 10,930	\$ 2,975
May	\$ 4,763	\$ 6,668	\$ 11,431	June 18, 2018	\$ 8,065	\$ (3,366)
June	\$ 3,202	\$ 4,482	\$ 7,684	July 23, 2018	\$ 7,695	\$ 11
July	\$ 3,317	\$ 4,644	\$ 7,961	July 23, 2018	\$ 8,035	\$ 74
August	\$ 3,145	\$ 4,403	\$ 7,548	September 17, 2018	\$ 8,105	\$ 557
September	\$ 3,247	\$ 4,546	\$ 7,793	October 17, 2018	\$ 7,624	\$ (169)
October	\$ 3,084	\$ 4,317	\$ 7,401	October 17, 2018	\$ 10,853	\$ 3,452
November	\$ 4,589	\$ 6,424	\$ 11,013	December 3, 2018	\$ 7,536	\$ (3,477)
December	\$ 3,116	\$ 4,362	\$ 7,478	January 18, 2019	\$ 8,069	\$ 591
<b>Total:</b>	<b>\$ 41,635</b>	<b>\$ 58,286</b>	<b>\$ 99,921</b>		<b>\$ 101,143</b>	<b>\$ 1,222</b>

Failure to remit proper amounts timely could result in late fees and penalties. Late fees and penalties are not considered a proper public purpose and may result in findings for recovery.

The Fiscal Officer should file the required reports and remit the necessary payments when the payroll is completed for the last pay period of the month. This will ensure the Township does not incur unnecessary penalties and interest.

This matter will be referred to the Ohio Public Employees Retirement System.

**FINDING NUMBER 2019-010**

**Noncompliance**

**Ohio Rev. Code § 149.43(B)(2)** provides in part, a public officer shall have available a copy of its current records retention schedule at a location readily available to the public.

The Township did not have a records retention schedule. Without a proper policy in effect, this could result in the improper disposal of public records.

We recommend the Township adopt a records retention schedule and have it readily available to the public as required by Ohio Rev. Code § 149.43.

#### FINDING NUMBER 2019-011

##### Noncompliance

**Ohio Rev. Code § 505.02** states each township trustee, before entering upon the discharge of official duties, shall give bond to the state for the use of the township, in the sum of one thousand dollars, conditioned for the faithful performance of official duties as a trustee, and with at least two sureties, each of whom shall be a resident of the same township with the trustee or a corporate surety authorized to do business in this state. Such bond shall be approved by a judge of the county court or judge of a municipal court having jurisdiction in the township.

Bonds for the Trustees were not provided for audit. Lack of bonding opens the Township up to a risk of uncovered loss if there was a theft.

We recommend the Trustees review Ohio Rev. Code bonding requirements and obtain a bond in the proper amount for the Township Trustees.

#### FINDING NUMBER 2019-012

##### Noncompliance and Internal Control Deficiency

**Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2019 or 2018. This was not detected by the Township due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the County Auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

#### FINDING NUMBER 2019-013

##### Noncompliance and Internal Control Deficiency

**Ohio Rev. Code § 5705.38(A)** requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority desires to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

**Ohio Rev. Code § 5705.38(C)** requires the following minimum level of budgetary control for “subdivisions” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.”

**FINDING NUMBER 2019-013  
(Continued)**

For 2019, a Temporary Appropriation measure was passed on December 27, 2018 and the Final Amended Appropriation measure was approved during the same meeting. However, the minutes were not specific as to whether the Final Amended Appropriation measure approved on December 27, 2018 was the 2019 permanent appropriations. Furthermore, the minutes did not document the amounts approved or level of budgetary control, and no permanent appropriations were provided for audit (See Finding Number 2019-008). Due to this, the proper amounts approved for the 2019 Permanent Appropriations could not be determined.

For 2018, a Temporary Appropriation measure was passed on December 28, 2017 and the Final Amended Appropriation measure was approved during the same meeting. However, the minutes were not specific as to whether the Final Amended Appropriation measure approved on December 28, 2017 was the 2018 permanent appropriations. Furthermore, the minutes did not document the amounts approved, and no permanent appropriations were provided for audit (See Finding Number 2019-008). Due to this, the proper amounts approved for the 2018 Permanent Appropriations could not be determined.

We recommend the Board approve permanent appropriations on or about January 1 of each fiscal year. If temporary appropriations are approved, we recommend the Board approve permanent appropriations by April 1. The minutes should include more detail to clarify which appropriations are being approved by the Board of Trustees. The appropriations should also include documentation of the level of budgetary control.

**FINDING NUMBER 2019-014**

**Noncompliance and Internal Control Deficiency**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

For 2019 and 2018, the Township did not file appropriations with the Scioto County Auditor. Therefore, there was no certificate from the county auditor stating that the total appropriations from each fund for 2019 and 2018 did not exceed official estimate or amended official estimated resources.

Failure to file appropriations with the county auditor resulted in the 2019 and 2018 appropriation measures to not be effective due to deficiencies in the Township's compliance monitoring policies and procedures which could further result in overspending and negative cash fund balances.

The Fiscal Officer should file the appropriation measure with the county auditor in order to become effective.

**FINDING NUMBER 2019-015**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to the Township's failure to file appropriations with the Scioto County Auditor (see Finding 2019-014), the Township had expenditures in excess of appropriations as of December 31, 2019 as follows:

**FINDING NUMBER 2019-015  
 (Continued)**

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$0	\$238,645	(\$238,645)
Motor Vehicle License Tax Fund	\$0	\$20,000	(\$20,000)
Gasoline Tax Fund	\$0	\$80,000	(\$80,000)
Road and Bridge Fund	\$0	\$183,188	(\$183,188)
Cemetery Fund	\$0	\$21,977	(\$21,977)
Fire Fund	\$0	\$267,928	(\$267,928)
Emergency Management Services Fund	\$0	\$736,901	(\$736,901)

The Township had expenditures in excess of appropriations as of December 31, 2018 as follows:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$0	\$230,458	(\$230,458)
Motor Vehicle License Tax Fund	\$0	\$35,000	(\$35,000)
Gasoline Tax Fund	\$0	\$141,287	(\$141,287)
Road and Bridge Fund	\$0	\$119,047	(\$119,047)
Cemetery Fund	\$0	\$23,055	(\$23,055)
Fire Fund	\$0	\$288,339	(\$288,339)
Emergency Management Services Fund	\$0	\$756,043	(\$756,043)
Miscellaneous Capital Project Fund	\$0	\$60,000	(\$60,000)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Fiscal Officer should file appropriations with the Scioto County Auditor in order for appropriations to become effective (see finding 2019-014). Furthermore, the Board should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**FINDING NUMBER 2019-016**

**Noncompliance and Internal Control Deficiency**

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

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

**FINDING NUMBER 2019-016**  
**(Continued)**

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

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

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

Due to deficiencies in internal controls, one hundred percent (100%) of disbursements for 2019 and 2018 were not properly encumbered due to the Board not being specific as to which permanent appropriations were approved for years 2019 and 2018 (see Finding Number 2019-013) and failure of the Fiscal Officer to file appropriations with the County Auditor's Office which resulted in unlawful appropriations. Failure to certify the availability of funds can result in overspending of funds and negative fund cash balances.

Unless the Board is specific as to the permanent appropriations that are formally approved, the Fiscal Officer files the approved appropriations with the County Auditor and the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

**FINDING NUMBER 2019-017**

**Noncompliance**

**Ohio Rev. Code § 5747.06** requires the employing government to withhold state income taxes. Ohio Rev. Code § 5747.07 requires the government to report and remit those tax matters to the appropriate tax authorities.

The Fiscal Officer appears to have withheld the required state payroll taxes for both 2019 and 2018; however, there was no evidence they paid the correct amounts nor submitted the required annual reports as required by the State of Ohio as follows:



**FINDING NUMBER 2019-017  
 (Continued)**

For 2019:

	<b>State Tax Amount Withheld per Withholding Summary Report via the UAN System</b>	<b>Supplemental State Withholdings per Withholding Summary Report via the UAN system</b>	<b>Total Due for the Month</b>	<b>Date paid per bank statement</b>	<b>Total Paid per bank statement</b>	<b>Difference</b>
January	\$ 603	\$ 150	\$ 753	April 26, 2019	\$ 675	\$ (78)
February	\$ 529	\$ 150	\$ 679	April 26, 2019	\$ 827	\$ 148
March	\$ 541	\$ 170	\$ 711	April 26, 2019	\$ 828	\$ 117
April	\$ 531	\$ 180	\$ 711	May 2, 2019	\$ 683	\$ (28)
May	\$ 820	\$ 230	\$ 1,050	May 2, 2019	\$ 712	\$ (338)
June	\$ 620	\$ 165	\$ 785	May 2, 2019	\$ 761	\$ (24)
July	\$ 596	\$ 170	\$ 766	June 14, 2019	\$ 714	\$ (52)
August	\$ 599	\$ 160	\$ 759	June 14, 2019	\$ 1,050	\$ 291
September	\$ 563	\$ 180	\$ 743	October 4, 2019	\$ 743	\$ -
				October 4, 2019	\$ 761	\$ 761
				October 4, 2019	\$ 771	\$ 771
				October 4, 2019	\$ 794	\$ 794
				October 18, 2019	\$ 689	\$ 689
October	\$ 868	\$ 270	\$ 1,138	December 13, 2019	\$ 1,138	\$ -
November	\$ 571	\$ 190	\$ 761	December 13, 2019	\$ 763	\$ 2
December	\$ 548	\$ 180	\$ 728	February 19, 2020	\$ 856	\$ 128
<b>Total:</b>	<b>\$ 7,389</b>	<b>\$ 2,195</b>	<b>\$ 9,584</b>		<b>\$ 12,765</b>	<b>\$ 3,181</b>

For 2018:

	<b>State Tax Amount Withheld per Withholding Summary Report via the UAN System</b>	<b>Supplemental State Withholdings per Withholding Summary Report via the UAN system</b>	<b>Total Due for the Month</b>	<b>Date paid per bank statement</b>	<b>Total Paid per bank statement</b>	<b>Difference</b>
January	\$ 590	\$ 165	\$ 755	February 7, 2018	\$ 3,186	\$ 2,431
February	\$ 570	\$ 145	\$ 715	February 7, 2018	\$ 755	\$ 40
March	\$ 495	\$ 145	\$ 640	March 26, 2018	\$ 716	\$ 76
April	\$ 578	\$ 135	\$ 713	August 20, 2018	\$ 687	\$ (26)
May	\$ 831	\$ 195	\$ 1,026	August 22, 2018	\$ 649	\$ (377)
June	\$ 534	\$ 125	\$ 659	August 22, 2018	\$ 661	\$ 2
July	\$ 541	\$ 145	\$ 686	August 22, 2018	\$ 720	\$ 34
August	\$ 495	\$ 155	\$ 650	August 22, 2018	\$ 1,034	\$ 384
September	\$ 524	\$ 165	\$ 689			\$ (689)
October	\$ 482	\$ 160	\$ 642			\$ (642)
November	\$ 817	\$ 210	\$ 1,027			\$ (1,027)
December	\$ 522	\$ 165	\$ 687			\$ (687)
<b>Total:</b>	<b>\$ 6,979</b>	<b>\$ 1,910</b>	<b>\$ 8,889</b>		<b>\$ 8,408</b>	<b>\$ (481)</b>

**FINDING NUMBER 2019-017  
 (Continued)**

While there was no evidence of the Ohio Department of Taxation assessing late fees or penalties, failure to file and pay the required tax could result in penalties and interest levied against the Township and could possibly result in findings for recovery.

The Fiscal Officer should file the required reports when completing the last payroll of the year to avoid interest and penalties.

This matter will be referred to the Ohio Department of Taxation.

**FINDING NUMBER 2019-018**

**Noncompliance**

**Section 278, Public Law 97-248, H. R. 4961** states that Medicare should be deducted from employees' compensation for all employees hired after March 31, 1986. Furthermore, employers are liable for reporting and remitting these taxes.

**26 U.S.C. § 3402(a)(1)** states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

**26 U.S.C. § 3403** states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

The Fiscal Officer did not submit the required federal income and/or Medicare taxes in 2019 and 2018 on a monthly basis as follows:

For 2019:

	Federal Tax Amount Withheld per Withholding Summary Report via the UAN System	Supplemental Federal Withholdings per Withholding Summary Report via the UAN system	Medicare Amount Withheld per Withholding Summary Report via the UAN System	Employer Medicare Amount Due per Withholdin Summary Report via the UAN System	Total Due for the Month	Date paid per bank statement	Total Paid per bank statement	Difference
January	\$ 2,384	\$ 380	\$ 483	\$ 483	\$ 3,730	February 19, 2019	\$ 3,730	\$ -
February	\$ 2,113	\$ 390	\$ 441	\$ 441	\$ 3,385	March 14, 2019	\$ 3,386	\$ 1
March	\$ 2,179	\$ 400	\$ 461	\$ 461	\$ 3,501	April 16, 2019	\$ 3,501	\$ -
April	\$ 2,116	\$ 400	\$ 460	\$ 460	\$ 3,436	May 13, 2019	\$ 3,436	\$ -
May	\$ 3,356	\$ 540	\$ 702	\$ 702	\$ 5,300	June 13, 2019	\$ 5,300	\$ -
June	\$ 2,502	\$ 430	\$ 529	\$ 529	\$ 3,990	July 16, 2019	\$ 1,513	\$ (2,477)
July	\$ 2,361	\$ 440	\$ 519	\$ 519	\$ 3,839	July 16, 2019	\$ 3,990	\$ 151
August	\$ 2,381	\$ 405	\$ 499	\$ 499	\$ 3,784	September 17, 2019	\$ 3,784	\$ -
September	\$ 2,187	\$ 440	\$ 481	\$ 481	\$ 3,589	November 13, 2019	\$ 2,590	\$ (999)
October	\$ 3,532	\$ 610	\$ 703	\$ 703	\$ 5,548	November 13, 2019	\$ 5,548	\$ -
November	\$ 2,235	\$ 435	\$ 486	\$ 486	\$ 3,642	December 12, 2019	\$ 3,642	\$ -
December	\$ 2,106	\$ 450	\$ 463	\$ 463	\$ 3,482	January 13, 2020	\$ 3,482	\$ -
<b>Total:</b>	<b>\$ 29,452</b>	<b>\$ 5,320</b>	<b>\$ 6,227</b>	<b>\$ 6,227</b>	<b>\$ 47,226</b>		<b>\$ 43,902</b>	<b>\$ (3,324)</b>

**FINDING NUMBER 2019-018  
 (Continued)**

For 2018:

2018	Federal Tax Amount Withheld per Withholding Summary Report via the UAN System	Supplemental Federal Withholdings per Withholding Summary Report via the UAN system	Medicare Amount Withheld per Withholding Summary Report via the UAN System	Employer Medicare Amount Due per Withholdin Summary Report via the UAN System	Total Due for the Month	Date paid per bank statement	Total Paid per bank statement	Difference
January	\$ 2,641	\$ 405	\$ 502	\$ 502	\$ 4,050	February 5, 2018	\$ 4,050	\$ -
February	\$ 2,624	\$ 385	\$ 486	\$ 486	\$ 3,981	March 27, 2018	\$ 3,547	\$ (434)
March	\$ 2,279	\$ 385	\$ 442	\$ 442	\$ 3,548	March 27, 2018	\$ 3,980	\$ 432
April	\$ 2,610	\$ 365	\$ 481	\$ 481	\$ 3,937	August 20, 2018	\$ 3,267	\$ (670)
May	\$ 3,911	\$ 485	\$ 691	\$ 691	\$ 5,778	August 20, 2018	\$ 3,316	\$ (2,462)
June	\$ 1,973	\$ 365	\$ 464	\$ 464	\$ 3,266	August 20, 2018	\$ 5,777	\$ 2,511
July	\$ 1,989	\$ 365	\$ 481	\$ 481	\$ 3,316	September 14, 2018	\$ 3,160	\$ (156)
August	\$ 1,863	\$ 385	\$ 456	\$ 456	\$ 3,160	October 9, 2018	\$ 3,334	\$ 174
September	\$ 2,007	\$ 385	\$ 471	\$ 471	\$ 3,334	October 17, 2018	\$ 3,936	\$ 602
October	\$ 1,949	\$ 395	\$ 447	\$ 447	\$ 3,238	November 15, 2018	\$ 3,238	\$ -
November	\$ 3,291	\$ 525	\$ 701	\$ 701	\$ 5,218	December 14, 2018	\$ 5,219	\$ 1
December	\$ 2,101	\$ 385	\$ 452	\$ 452	\$ 3,390	February 7, 2019	\$ 3,390	\$ -
<b>Total:</b>	<b>\$ 29,238</b>	<b>\$ 4,830</b>	<b>\$ 6,074</b>	<b>\$ 6,074</b>	<b>\$ 46,216</b>		<b>\$ 46,214</b>	<b>\$ (2)</b>

Failure to time submit remittance reports could result in charges for penalties and interest for untimely payments and filings and possibly findings for recovery.

We recommend the Fiscal Officer remit federal income and/or Medicare taxes on a monthly basis and file the required reports when completing the last payroll of the quarter to avoid accrual of interest and penalties.

This matter will be referred to the Internal Revenue Service.

**FINDING NUMBER 2019-019**

**Internal Control Deficiency**

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

The Township misclassified and misposted various revenues and expenditures in the annual financial report submitted to the Auditor of State for fiscal years 2019 and 2018, as follows:

December 31, 2019 Financial Statements:

- General Fund Tax Receipts and General Government Disbursements were both understated by \$55,791 due to the Fiscal Officer not posting tax revenues at gross.

**FINDING NUMBER 2019-019  
(Continued)**

- General Fund General Government Disbursements was understated by \$22,919 due to various posting errors by the Fiscal Officer.
- General Fund Ending Cash Balance was understated by \$7,458 due to various immaterial adjustments that were identified during a proof of cash procedure.
- Road and Bridge Fund had \$29,041 misclassified as Public Works Disbursements that should have been Capital Outlay.
- Gasoline Tax Fund had \$80,000 misclassified as Public Works Disbursements that should have been Capital Outlay.
- Motor Vehicle License Tax Fund had \$20,000 misclassified as Public Works Disbursements that should have been Capital Outlay.
- Total Special Revenue Funds Ending Cash Balances were overstated by \$28,599 due to various immaterial adjustments that were identified during a proof of cash procedure.

December 31, 2018 Financial Statements:

- General Fund Tax Receipts and General Government Disbursements were both understated by \$44,628 due to the Fiscal Officer not posting tax revenues at gross.
- General Fund General Government Disbursements was understated by \$18,060 due to various posting errors by the Fiscal Officer.
- General Fund Ending Cash Balance was overstated by \$24,022 due to various immaterial adjustments that were identified during a proof of cash procedure.
- Miscellaneous Capital Project Fund Intergovernmental Receipts and Capital Outlay Disbursements were understated by \$60,000 due to the Fiscal Officer not posting the on behalf activity from the Ohio Public Works Commission in their accounting system.
- Road and Bridge Fund had \$35,000 misclassified as Public Works Disbursements that should have been Capital Outlay.
- Gasoline Tax Fund had \$119,918 misclassified as Public Works Disbursements that should have been Capital Outlay.
- Total Special Revenue Funds Ending Cash Balances were overstated by \$74,582 due to various adjustments that were identified during a proof of cash procedure.

The Township has adjusted the financial statements and accounting system, where appropriate, to correct these errors.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Township Fiscal Officer and Board of Trustees to identify and correct errors and omission.

**FINDING NUMBER 2019-019  
(Continued)**

We also recommend the Fiscal Officer refer to the Ohio Township Handbook and Auditor of State Bulletins 2000-008 and 2002-004 and also take due care in posting transactions in order to ensure the annual financial statements reflect the appropriate activity for the Township's receipts and disbursements.

**FINDING NUMBER 2019-020**

**Internal Control Deficiency**

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

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

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

Monthly bank to book reconciliations were not accurately prepared or reviewed each month of 2019 and 2018. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

We identified the following conditions related to the reconciliations:

For December 31, 2019:

- General Fund receipts were understated due to unposted receipts in UAN as follows: Intergovernmental receipts in the amount of \$24,789; Earnings on Investments in the amount of \$68; and Unclassified / Unknown receipts in the amount of \$5,520.
- General Fund General Government disbursements were understated by \$22,919 due to disbursements not posted to UAN.
- Motor Vehicle License Fund Intergovernmental receipts were understated by \$1,431 due to receipts not posted in UAN.
- Gasoline Tax Fund Intergovernmental receipts were understated by \$7,576 due to receipts not posted in UAN.
- Road and Bridge Fund Intergovernmental receipts were understated by \$15,261 due to receipts not posted in UAN.
- Road and Bridge Fund Public Works disbursements were understated by \$8,609 due to unposted disbursements in UAN.
- Cemetery Fund Health disbursements were understated by \$4,435 due to unposted disbursements in UAN.

**FINDING NUMBER 2019-020**  
**(Continued)**

- Fire Fund Intergovernmental receipts were understated by \$7,870 due to receipts not posted in UAN.
- Fire Fund Public Safety disbursements were understated by \$1,438 due to unposted disbursements in UAN.
- Emergency Management Services Fund receipts were understated due to not being posted in UAN as follows: Charges for Services in the amount of \$13,565 and Intergovernmental receipts in the amount of \$20,612.
- Emergency Management Services Fund Public Safety disbursements were understated by \$80,432 due to unposted disbursements in UAN.

For December 31, 2018:

- The January 1, 2018 General Fund balance was decreased by \$17,072 which was as a result of \$7,127 in expenditures from 2017 that were not posted to UAN and to reverse to an unsupported adjustment in the amount of \$9,945 that was posted to the UAN system by the Fiscal Officer in May of 2018.
- General Fund receipts were understated due to unposted receipts in UAN as follows: Intergovernmental receipts in the amount of \$3,295; Earnings on Investments in the amount of \$50; and Unclassified / Unknown receipts in the amount of \$3,577.
- General Fund General Government disbursements were understated by \$18,060 due to disbursements not posted to UAN.
- The January 1, 2018 Road and Bridge Fund balance was increased by \$403 due to a combination of unrecorded receipts and disbursements from 2017.
- Road and Bridge Fund Intergovernmental receipts were understated by \$327 due to unrecorded receipts in UAN.
- Road and Bridge Fund Public Works disbursements were understated by \$5,455 due to disbursements not posted to UAN.
- The January 1, 2018 Cemetery Fund balance was increased by \$1,800 due to a combination of unrecorded receipts and disbursements from 2017.
- Cemetery Fund Miscellaneous receipts were overstated by \$1,150 due to a misposted receipt in UAN.
- Cemetery Fund Health disbursements were understated by \$3,123 due to disbursements not posted to UAN.
- The January 1, 2018 Fire Fund balance was increased by \$8,149 due to a combination of unrecorded receipts and disbursements from 2017.
- Fire Fund Intergovernmental receipts were understated by \$29 due to unrecorded receipts in UAN.
- Fire Fund Public Safety disbursements were understated by \$427 due to disbursements not posted to UAN.

**FINDING NUMBER 2019-020  
(Continued)**

- The January 1, 2018 EMS Fund balance was decreased by \$33,901 due to a combination of unrecorded receipts and disbursements from 2017.
- Emergency Management Services Fund receipts were understated due to unposted receipts in UAN as follows: Charges for Services in the amount of \$14,952 and Intergovernmental receipts in the amount of \$135.
- Emergency Management Services Fund Public Safety disbursements were understated by \$52,133 due to disbursements not posted to UAN.

The UAN system and financial statements were adjusted for the above errors.

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

**FINDING NUMBER 2019-021**

**Internal Control Deficiency**

Sound internal control policies require the Board of Trustees to monitor the financial activity and condition of the Township. To provide better monitoring of fund balances and financial activity of the Township, the Board of Trustees should be provided with monthly financial reports for their review. The Board should make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Township.

The Fiscal Officer failed to provide the Board of Trustees with accurate fund balance reports as well as accurate listing of payments and receipts due to the Fiscal Officer failing to post all activity to the Uniform Accounting Network (UAN) accounting system and properly reconcile as indicated in Finding Number 2019-020. Also, the minute record did not indicate if the Board received any budget versus actual reports or financial reports from UAN to allow for monitoring of financial activity in 2019 or 2018.

This could result in an inability of the Board of Trustees to adequately monitor the financial activity of the Township and could result in errors and/or irregularities occurring and remaining undetected for an extended period of time. For each regular Board of Trustees meeting, the Fiscal Officer should provide accurate monthly financial reports for the Board of Trustees to review and approve.

In order to effectively monitor the financial activity and condition of the Township, we recommend the Fiscal Officer provide the Board of Trustees at each regular meeting with a budget vs. actual receipt and expenditure report, financial statements showing cash balances, bank reconciliation report, and a report showing checks paid. We further recommend the review and approval of such reports be documented in the minute record.

**FINDING NUMBER 2019-022**

**Internal Control Deficiency**

Internal controls are vital to help protect governments against erroneous charges, theft, and fraud. In accordance with Auditor of State Bulletin 2004-010, governments should request that their banks send images of the front and back of all issued checks. This will enable governments to review and scrutinize the transactions and ensure that the payees as well as the various endorsements are appropriate.

**FINDING NUMBER 2019-022  
(Continued)**

The Township did not receive canceled check images. The Township could potentially be at risk for being victim of erroneous charges, theft, and fraud. Receipt and review of the front and back of images of issued checks during the reconciliation process could assist the Township in identifying and timely investigating questionable items.

We recommend the Fiscal Officer consult with their bank to have the bank provide images of both the front and reverse side of each canceled check.

**FINDING NUMBER 2019-023**

**Internal Control Deficiency**

Board of Trustees minutes are the official record of meetings held and actions taken by the Township. Having an official minute record signed by the Trustees and Fiscal Officer is an integral part of monitoring the accuracy and completeness of the minutes. The minute record indicated that Trustees approved minutes from previous meetings. However, the Trustees and/or Fiscal Officer did not sign the minutes for 2019 or 2018.

Having the Trustees and Fiscal Officer sign the minutes gives assurance that the minutes being presented are the minutes which are being approved. Failure to maintain signed minutes could lead to possible omissions or alterations to the minute record without Trustees knowledge, and discrepancies in ordinances and resolutions being passed by the Board of Trustees resulting in disputes between the Township and the public over funds and laws.

We recommend that all minutes be signed by the Trustees and Fiscal Officer in addition to having the minute record indicate that the previous month's minutes have been approved by the Board of Trustees.

**FINDING NUMBER 2019-024**

**Internal Control Deficiency**

When designating the public office's system of internal control and specific control activities, management should plan for adequate segregation of duties or compensating controls. The Board of Trustees should perform procedures to monitor the financial activity of the Township.

The small size of the Township did not allow for an adequate segregation of duties; the Township Fiscal Officer performed all accounting functions. It is, therefore, important that the Board of Trustees monitor financial activity closely.

We recommend the Board of Trustees and Fiscal Officer attempt to implement procedures that would get the Trustees more involved in the daily transactions of the Township. Such processes could include a review and approval of the monthly bank reconciliation by a Trustee. It could also include possibly involving the Trustees in the bank deposit process for revenues that are received. Any additional segregation of duties that can be implemented would help to increase controls within the Township.



## FINDING NUMBER 2019-025

### Internal Control Deficiency

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

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

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township, and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

Information provided in the budgetary footnotes for 2019 and 2018 did not agree to Certificate of Estimated Receipts and appropriations as follows:

For 2019:

- General Fund budgeted receipts were \$227,010 instead of \$199,982
- Special Revenue Funds' budgeted receipts were \$1,598,290 instead of \$1,200,952
- General Fund appropriation authority was \$177,950 instead of \$0
- Special Revenue Funds' appropriation authority was \$1,648,817 instead of \$0

For 2018:

- General Fund budgeted receipts were \$210,041 instead of \$178,202
- Special Revenue Funds' budgeted receipts were \$1,254,796 instead of \$1,254,796
- General Fund appropriation authority was \$209,676 instead of \$0
- Special Revenue Funds' appropriation authority was \$1,648,817 instead of \$0

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. While the minutes did not reflect the amounts of the temporary appropriations and final amended appropriations approved by Board, the appropriations were not properly posted to the accounting system since appropriations were not effective due to not being filed with the County Auditor in 2019 or 2018.

**FINDING NUMBER 2019-025  
(Continued)**

For 2019:

- General Fund appropriations were posted in UAN as \$209,676 instead of \$0.
- Motor Vehicle License Tax Fund appropriations were posted in UAN as \$26,102 instead of \$0.
- Gasoline Tax Fund appropriations were posted in UAN as \$83,910 instead of \$0.
- Road and Bridge Fund appropriations were posted to UAN as \$210,457
- Cemetery Fund appropriations were posted in UAN as \$35,300 instead of \$0.
- Fire Fund appropriations were posted in UAN as \$326,600 instead of \$0.
- Fire and Rescue Fund appropriations were posted in UAN as \$723,585 instead of \$0.

For 2018:

- General Fund appropriations were posted in UAN as \$177,950 instead of \$0.
- Motor Vehicle License Tax Fund appropriations were posted in UAN as \$54,491 instead of \$0.
- Gasoline Tax Fund appropriations were posted in UAN as \$142,778 instead of \$0.
- Road and Bridge Fund appropriations were posted in UAN as \$206,733 instead of \$0
- Cemetery Fund appropriations were posted in UAN as \$28,674 instead of \$0.
- Fire Fund appropriations were posted in UAN as \$313,414 instead of \$0.
- Fire and Rescue Fund appropriations were posted in UAN as \$902,724 instead of \$0

Additionally, the approved Certificate of Estimated Resources for 2019 and 2018 were not properly posted to the accounting system.

For 2019:

- General Fund budgeted receipts were posted in UAN as \$196,737 instead of \$199,982.
- Road and Bridge Fund budgeted receipts were posted in UAN as \$187,958 instead of \$154,000.
- Fire Fund budgeted receipts were posted in UAN as \$252,772 instead of \$223,688.
- Fire and Rescue Fund budgeted receipts were posted in UAN as \$723,586 instead of \$748,111.

For 2018:

- General Fund budgeted receipts were posted in UAN as \$171,324 instead of \$178,202.
- Road and Bridge Fund budgeted receipts were posted in UAN as \$161,326 instead of \$174,326.
- Fire Fund budgeted receipts were posted in UAN as \$237,884 instead of \$217,799.

**FINDING NUMBER 2019-025**  
**(Continued)**

- Fire and Rescue Fund budgeted receipts were posted in UAN as \$664,954 instead of \$685,479.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this lead to inaccurate reporting of the budgetary information in the footnotes.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board and filed with the County Auditor. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:**

We did not receive responses from Officials to these findings.

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**Green Township**  
**Scioto County**  
P.O. Box 65  
Franklin Furnace, OH 45629

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**For the Years Ended December 31, 2019 and 2018**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2017-001	Material Weakness- Misstatements in the Financial Statements	Not corrected.	Not Corrected; Re-issued with Finding 2019-019.
2017-002	Material Weakness – Bank Reconciliations	Not corrected.	Not Corrected; Re-issued with Finding 2019-020.
2017-003	Material Weakness – Budgetary Information Within UAN	Not corrected.	Not Corrected; Re-issued with Finding 2019-027.



# OHIO AUDITOR OF STATE KEITH FABER



**GREEN TOWNSHIP**

**SCIOTO 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 6/1/2021**

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](http://www.ohioauditor.gov)