

GREENWICH TOWNSHIP

HURON COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2020 and 2019



OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Township Trustees
Greenwich Township
P. O. Box 23
Greenwich, Ohio 44837

We have reviewed the *Independent Auditor's Report* of Greenwich Township, Huron County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Findings for Adjustment

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township inappropriately recorded various Homestead and Rollback and Manufactured Home Settlements and related fees resulting in a net overstatement of \$4,602 in the General Fund in 2019 and \$394 in the Road and Bridge Fund in 2020. Given the source of the revenue, these should have been recorded in Road and Bridge Fund in 2019 and General Fund in 2020.

In addition to the above amounts, the Township has a prior period finding for adjustment balance of \$12,320 outstanding from the General Fund in favor of the Road and Bridge Fund.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds. The Township should also record the adjustment to the Township's accounting records for the amount listed above.

The Township has decided not to correct these errors at this time. In accordance with the foregoing facts, we hereby issue a finding for adjustment for \$16,528 from the General Fund and in favor of the Road and Bridge Fund.

Board of Township Trustees
Greenwich Township
P. O. Box 23
Greenwich, Ohio 44837
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Greenwich Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

October 22, 2021

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GREENWICH TOWNSHIP
HURON COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Greenwich Township
Huron County
PO Box 23
Greenwich, Ohio 44837

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and related notes of Greenwich Township, Huron County, (the Township) as of and for the years ended December 31, 2020 and 2019.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Township had prior audit adjustments that were not all posted to the Township's accounting system due to the impact that these adjustments would have on the General Fund. In addition, the Township did not record the rollback amounts received to the proper fund for 2019 and 2020. The Township declined to make these adjustments. Had the Township agreed to these adjustments, the effect would have resulted in the General Fund cash balance decreasing \$16,922 and the Road and Bridge cash balance increasing by \$16,922 for the year ended 2019. For the year ended 2020, the effect of the adjustments would have resulted in the General Fund cash balance decreasing by \$16,608 and the Road and Bridge cash balance increasing by \$16,608.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Township in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

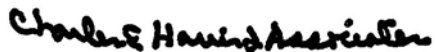
Emphasis of Matters

As discussed in Note 12 to the 2020 financial statements and Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

As discussed in Note 11 to the 2020 financial statements, the Township made several changes to its reporting model. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2021, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 14, 2021

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

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,764	\$85,174	-	\$96,938
Licenses, Permits and Fees	1,772	-	-	1,772
Intergovernmental	20,905	145,417	-	166,322
Earnings on Investments	44	30	-	74
Miscellaneous	200	15,753	-	15,953
<i>Total Cash Receipts</i>	<u>34,685</u>	<u>246,374</u>	<u>-</u>	<u>281,059</u>
Cash Disbursements				
Current:				
General Government	32,119	308	-	32,427
Public Works	1,910	201,950	-	203,860
Capital Outlay	-	16,312	-	16,312
Debt Service:				
Principal Retirement	-	44,718	-	44,718
Interest and Fiscal Charges	-	2,011	-	2,011
<i>Total Cash Disbursements</i>	<u>34,029</u>	<u>265,299</u>	<u>-</u>	<u>299,328</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	656	(18,925)	-	(18,269)
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	35,283	-	35,283
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>35,283</u>	<u>-</u>	<u>35,283</u>
<i>Net Change in Fund Cash Balances</i>	656	16,358	-	17,014
<i>Fund Cash Balances, January 1</i>	<u>21,227</u>	<u>87,582</u>	<u>2,087</u>	<u>110,896</u>
<i>Fund Cash Balances, December 31</i>	<u>\$21,883</u>	<u>\$103,940</u>	<u>\$2,087</u>	<u>\$127,910</u>

See accompanying notes to the financial statements

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Greenwich Township, Huron County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and general government services.

The Township participates in a public entity risk pool and jointly governed organizations. Notes 6 and 10 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA)

Jointly Governed Organizations:

Tri-Community Joint Fire District provide fire protection and rescue services.

Tri-Community Ambulance District provides emergency medical services.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Township’s programs (for the benefit of the Township or its citizenry). The Township had the following significant Permanent Fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township’s cemetery.

Basis of Accounting

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 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 re-appropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

The Township maintains a general checking account.

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.

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,612	\$34,685	\$7,073
Special Revenue	238,934	281,657	42,723

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$48,838	\$34,029	\$14,809
Special Revenue	326,516	265,299	61,217

Note 4 - Deposits and Investments

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

Demand deposits	2020 \$127,910
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The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township did not have any unremitted employee payroll withholdings.

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities pledged by the financial institution to the Township.

Note 5 - Property Tax

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

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

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

Note 6 - Risk Management

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

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

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

2019

Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Note 7 – Defined Benefit Pension Plan

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

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

Note 8 – 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 members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Case 580SN Loader Backhoe Lease	\$43,114	3.800%
Fendt Tractor Lease	<u>110,691</u>	3.790%
Total	<u>\$153,805</u>	

Leases

In 2019, the Township issued a \$52,924 equipment lease agreement for the purchase of a new Case 580SN Loader Backhoe to be paid over a five-year period.

In 2020, the Township issued a \$145,599 equipment lease to purchase a new Fendt Tractor. The Township traded in a Massy Tractor to reduce the principal balance by \$34,908. The lease will be paid back over a seven year period.

Amortization

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

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Year	Loader Backhoe Lease	Fendt Tractor Lease
2021	\$ 11,822	\$ 18,299
2022	11,822	18,299
2023	11,821	18,299
2024	11,821	18,299
2025	-	18,299
2026-2030	-	36,598
Total	\$ 47,286	\$ 128,093

Note 10 – Jointly Governed Organizations

Tri-Community Joint Fire District

A three-member Board of Trustees governs the Tri-Community Joint Fire District (the District). Each political subdivision within the District appoints one member. Those subdivisions are the Village of Greenwich, Greenwich Township, and Ripley Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District. Financial information can be obtained from Lisa Madison, Clerk, Tri-Community Joint Fire District, 49 Main Street, Greenwich, Ohio, 44837.

Tri-Community Ambulance District

A three-member Board of Trustees governs the Tri-Community Ambulance District (the District). Each political subdivision within the District appoints one member. Those subdivisions are the Village of Greenwich, Greenwich Township, and Ripley Township. The District provides emergency medical services to residents of these political subdivisions. Financial information can be obtained from Traci Montgomery, Clerk, Tri-Community Ambulance District, 3720 Edwards Road, Greenwich, Ohio, 44837.

Note 11 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balance (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

Note 12 – COVID-19

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

Note 13 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. The Township had no outstanding encumbrances at year-end. At year end, the unexpended corpus of the permanent fund was \$2,087. The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

Greenwich Township
Huron 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	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,401	\$90,923	-	\$102,324
Licenses, Permits and Fees	1,231	-	-	1,231
Intergovernmental	24,618	126,004	-	150,622
Earnings on Investments	33	23	-	56
Miscellaneous	-	3,685	-	3,685
<i>Total Cash Receipts</i>	<u>37,283</u>	<u>220,635</u>	<u>-</u>	<u>257,918</u>
Cash Disbursements				
Current:				
General Government	34,949	1,677	-	36,626
Public Safety	-	1,000	-	1,000
Public Works	2,269	137,257	-	139,526
Capital Outlay	-	61,227	-	61,227
<i>Total Cash Disbursements</i>	<u>37,218</u>	<u>201,161</u>	<u>-</u>	<u>238,379</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	65	19,474	-	19,539
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	7,226	-	7,226
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>7,226</u>	<u>-</u>	<u>7,226</u>
<i>Net Change in Fund Cash Balances</i>	65	26,700	-	26,765
<i>Fund Cash Balances, January 1</i>	<u>21,162</u>	<u>60,882</u>	<u>2,087</u>	<u>84,131</u>
Fund Cash Balances, December 31				
<i>Nonspendable</i>	-	-	2,087	2,087
<i>Restricted</i>	-	87,582	-	87,582
<i>Assigned</i>	21,227	-	-	21,227
<i>Fund Cash Balances, December 31</i>	<u>\$21,227</u>	<u>\$87,582</u>	<u>\$2,087</u>	<u>\$110,896</u>

See accompanying notes to the financial statements

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Greenwich Township, Huron County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and general government services.

The Township participates in a public entity risk pool and jointly governed organizations. Notes 6 and 10 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:
Ohio Township Association Risk Management Authority (OTARMA)

Jointly Governed Organizations:
Tri-Community Joint Fire District provide fire protection and rescue services.
Tri-Community Ambulance District provides emergency medical services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Township's programs (for the benefit of the Township or its citizenry). The Township had the following significant Permanent Fund:

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township’s cemetery.

Basis of Accounting

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 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 re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

The Township maintains a general checking account.

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.

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. 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 the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the general fund.

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 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,200	\$37,283	\$16,083
Special Revenue	187,934	227,861	39,927

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$42,674	\$37,218	\$5,456
Special Revenue	241,011	201,161	39,850

Note 4 - Deposits and Investments

The Township maintains a deposit 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	\$110,896

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities pledged by the financial institution to the Township.

Note 5 - Property Tax

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

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

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

Note 6 - Risk Management

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

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

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

2019

Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Note 7 – Defined Benefit Pension Plan

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

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

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Case 580SN Loader Backhoe Lease	\$52,924	3.800%

Leases

In 2019, the Township issued a \$52,924 equipment lease agreement for the purchase of a new Case 580SN Loader Backhoe to be paid over a five-year period.

GREENWICH TOWNSHIP
HURON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Amortization

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

Year	Loader Backhoe Lease
2020	\$ 11,822
2021	11,822
2022	11,822
2023	11,821
2024	11,821
Total	\$ 59,108

Note 10 – Jointly Governed Organizations

Tri-Community Joint Fire District

A three-member Board of Trustees governs the Tri-Community Joint Fire District (the District). Each political subdivision within the District appoints one member. Those subdivisions are the Village of Greenwich, Greenwich Township, and Ripley Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District. Financial information can be obtained from Lisa Madison, Clerk, Tri-Community Joint Fire District, 49 Main Street, Greenwich, Ohio, 44837.

Tri-Community Ambulance District

A three-member Board of Trustees governs the Tri-Community Ambulance District (the District). Each political subdivision within the District appoints one member. Those subdivisions are the Village of Greenwich, Greenwich Township, and Ripley Township. The District provides emergency medical services to residents of these political subdivisions. Financial information can be obtained from Traci Montgomery, Clerk, Tri-Community Ambulance District, 3720 Edwards Road, Greenwich, Ohio, 44837.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 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. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Greenwich Township
Huron County
PO Box 23
Greenwich, Ohio 44837

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 14, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion due to audit adjustments not being posted. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township and several changes to its reporting model.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider to be a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2020-002.


We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 14, 2021.

Township's Responses to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the Township's responses and accordingly, we express no opinion on them.

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
June 14, 2021

**GREENWICH TOWNSHIP
HURON COUNTY
SCHEDULE OF FINDINGS
December 31, 2020 and 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2020-001 - Material Weakness

During 2019 and 2020, the Township erroneously recorded several transactions. The more significant items are as follows:

- For both 2019 and 2020, the Township did not record rollbacks and mobile home taxes in to the proper funds. In addition, the prior fund balance adjustments required from the 2017/2018 audit were not booked. These errors resulted in the Township needing to move \$16,608 at the end of 2020 from the General Fund to the Road and Bridge Fund.
- The debt payoff amount and related interest were classified as Capital Outlay expenditures rather than principal and interest for 2020.
- The sale of a capital assets was classified as Miscellaneous revenue in 2020.
- In 2019, subsequent year appropriations were not classified as assigned fund balance in the General Fund.
- Various adjustments were necessary to correct errors or omissions in the notes to the financial statements.

Adjustments were made in the financial statements, except for the Rollback/Homestead adjustments and the prior Agreed Upon Procedures adjustment which have not been booked and caused the modified opinion.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Ohio Township Handbook, the Uniform Accounting Network Manual, Governmental Accounting Standards Board Statement Number 54, Auditor of State bulletin 2011-004, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management Response:

See corrective action plan.

Finding Number: 2020-002 – Noncompliance

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving 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 Revised Code.

**GREENWICH TOWNSHIP
HURON COUNTY
SCHEDULE OF FINDINGS (Continued)
December 31, 2020 and 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
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Finding Number: 2020-002 – Noncompliance (continued)

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

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution 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 Certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount 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 Certificates – The Township may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not make the proper certification of funds for 64% of 2019 disbursements tested and 62% of 2020 disbursements tested.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s expenditures exceeding budgetary spending limitations, we recommend that the Township certify expenditures prior to incurring the liability. Also, we recommend the Township only use “then and now” certificates for items under \$3,000 and to have all certificates approved by the Board of Trustees. This will assist in keeping adequate controls over disbursements and encumbrances.

Management Response:

See Corrective Action Plan.

**GREENWICH TOWNSHIP
HURON COUNTY, OHIO
Corrective Action Plan-Prepared by management
For the Years Ended December 31, 2019 and 2020**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	The Auditor explained how and where to find where to book the rollbacks and how to appropriate every cent.	Immediately	Stacey Calame, Fiscal Officer
2020-002	I will be using then and now purchase orders when needed.	Immediately	Stacey Calame, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



GREENWICH TOWNSHIP

HURON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/4/2021

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