



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Pickaway Township
27905 Caldwell Rd
Circleville, OH 43113

We have reviewed the *Independent Auditor's Report* of Pickaway Township, Pickaway County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 21, 2021

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Pickaway Township
Pickaway County
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INDEPENDENT AUDITOR'S REPORT

Pickaway Township
Pickaway County
6166 Zane Trail Road
Circleville, Ohio 43113

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

As discussed in 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 opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
December 30, 2020

**PICKAWAY TOWNSHIP
PICKAWAY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property Taxes	\$ 289,908	\$ 106,907	\$ -	\$ 396,815
Intergovernmental	14,952	135,385	-	150,337
Charges for Services	-	280,248	-	280,248
Fines, Licenses, and Permits	11,904	-	-	11,904
Earnings on Investments	570	-	-	570
	<u>317,334</u>	<u>522,540</u>	<u>-</u>	<u>839,874</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	329,187	-	-	329,187
Public Safety	-	241,766	-	241,766
Public Works	-	237,184	-	237,184
Health	6,676	-	-	6,676
Capital Outlay	-	66,018	-	66,018
Debt Service:				
Redemption of Principal	-	94,186	-	94,186
Interest and Fiscal Charges	-	4,792	-	4,792
	<u>335,863</u>	<u>643,946</u>	<u>-</u>	<u>979,809</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	(18,529)	(121,406)	-	(139,935)
Other Financing Receipts (Disbursements):				
Other Debt Proceeds	-	66,018	-	66,018
Other Sources	30,925	400	-	31,325
	<u>30,925</u>	<u>66,418</u>	<u>-</u>	<u>97,343</u>
Total Other Financing Receipts(Disbursements)				
Net Change in Fund Cash Balances	12,396	(54,988)	-	(42,592)
Fund Cash Balances, January 1	306,940	207,178	1,352	515,470
Fund Cash Balances, December 31				
Nonspendable	-	-	1,352	1,352
Restricted	-	152,190	-	152,190
Unassigned (Deficit)	319,336	-	-	319,336
	<u>319,336</u>	<u>152,190</u>	<u>1,352</u>	<u>472,878</u>
Fund Cash Balances, December 31	<u>\$ 319,336</u>	<u>\$ 152,190</u>	<u>\$ 1,352</u>	<u>\$ 472,878</u>

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

Pickaway Township
Pickaway 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 the Pickaway Township, Pickaway County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Circleville Township to provide fire services and to provide ambulance services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in a risk sharing pool. Note 6 to the financial statements provides additional information for the risk pool. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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.

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

Fire and Ambulance Fund This fund receives fire and ambulance contract for the operation of the volunteer fire and ambulance service.

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund The cemetery bequest fund accounts for and reports interest earned on the nonexpendable donation to the cemetery and is used for the general maintenance of the 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. Unencumbered appropriations lapse at year-end.

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

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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.

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$241,657	\$348,259	\$106,602
Special Revenue	603,314	588,958	(14,356)
Total	\$844,971	\$937,217	\$92,246

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$628,140	\$335,863	\$292,277
Special Revenue	731,300	643,946	87,354
Total	\$1,359,440	\$979,809	\$379,631

Note 4 – Deposits and Investments

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

Demand deposits	2019 \$471,878
Certificates of deposit	1,000
Total deposits and investments	\$472,878

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 secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

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

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

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

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

Note 7 – 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 healthcare 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 8 – Postemployment Benefits

Both 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 2019.

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

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

	<u>Principal</u>
Ohio Public Works Commission	\$38,717
The Savings Bank	20,000
KNB - Truck	34,669
KNB - Power Cots	33,979
Squad Lease	205,484
KS State Bank - Fill Station	37,678
KMB - Tractor	<u>66,018</u>
Total	<u>\$436,545</u>

The Township issued an Ohio Public Works Commission (OPWC) note in 2007 to finance the replacement of a Township Road, to be repaid from the Gasoline Tax Fund over a twenty-year period.

In 2012, the Township received a loan in the amount of \$20,000 from the Savings Bank for the purchase of a rescue system. This loan was to be repaid in one installment in 2014 but there was no evidence of repayment.

During 2016, the Township entered into a loan for a 2017 Ford 550 in the amount of \$84,532. The loan is to be repaid over a 5-year period to be paid from the Road Fund.

In April 2018, the Township entered into a loan agreement with Kingston National Bank for Power Cots in the amount of \$56,631. The loan is to be repaid over a 5-year period to be paid from the Fire & Rescue Fund.

During 2018 the Township entered into a lease agreement to acquire a Squad in the amount of \$256,855 with an annual payment being made over 5 years to be paid from the Fire & Rescue Fund.

In October 2018, the Township entered into a loan agreement with KS State Bank to acquire a fill station in the amount of \$47,097. The loan is to be repaid over a 5-year period to be paid from the Fire & Rescue Fund.

In August 2019, the Township entered into a loan agreement with Kingston National Bank to acquire a Farmmall Tractor in the amount of \$66,018 with annual payments being made over 5 years from the Road Fund.

Pickaway Township
Pickaway 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 Ending December 31:	OPWC	Savings Bank	KNB Truck	KNB Cots	Fill Station	KNB Tractor	Squad
2020	\$5,162	\$21,000	\$18,248	\$12,333	\$10,806	\$14,261	\$51,371
2021	5,162	0	18,248	12,333	10,806	14,261	51,371
2022	5,162	0	0	12,333	10,806	14,261	51,371
2023	5,162	0	0	0	10,806	14,261	51,371
2024	5,162	0	0	0	0	14,261	0
2025-2027	12,908	0	0	0	0	0	0
Total	\$38,718	\$21,000	\$36,496	\$36,999	\$43,224	\$71,305	\$205,484

Note 10 – Compliance

Contrary to ORC § 5705.41D, the township didn't properly certify funds during 2019.

Contrary to ORC § 5705.39, the Township had appropriations in excess of estimated resources.

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**PICKAWAY TOWNSHIP
PICKAWAY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property Taxes	\$ 315,661	\$ 116,485	\$ -	\$ 432,146
Intergovernmental	20,365	672,792	-	693,157
Charges for Services	-	308,614	-	308,614
Fines, Licenses, and Permits	1,365	-	-	1,365
Earnings on Investments	605	-	-	605
	<u>337,996</u>	<u>1,097,891</u>	<u>-</u>	<u>1,435,887</u>
Cash Disbursements:				
Current:				
General Government	259,958	-	-	259,958
Public Safety	-	901,082	-	901,082
Public Works	-	217,037	-	217,037
Health	6,059	-	-	6,059
Capital Outlay	-	366,103	-	366,103
Debt Service:				
Redemption of Principal	-	51,586	-	51,586
Interest and Fiscal Charges	-	2,348	-	2,348
	<u>266,017</u>	<u>1,538,156</u>	<u>-</u>	<u>1,804,173</u>
Excess of Receipts Over/(Under) Disbursements	71,979	(440,265)	-	(368,286)
Other Financing Receipts (Disbursements):				
Other Debt Proceeds	-	360,583	-	360,583
Transfers-In	-	91,576	-	91,576
Transfers-Out	(91,576)	-	-	(91,576)
Other Sources	15,361	12,559	-	27,920
	<u>(76,215)</u>	<u>464,718</u>	<u>-</u>	<u>388,503</u>
Net Change in Fund Cash Balances	(4,236)	24,453	-	20,217
Fund Cash Balances, January 1 <i>(Restated)</i>	<u>311,176</u>	<u>182,725</u>	<u>1,352</u>	<u>495,253</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	1,352	1,352
Restricted	-	207,178	-	207,178
Unassigned (Deficit)	306,940	-	-	306,940
Fund Cash Balances, December 31	<u>\$ 306,940</u>	<u>\$ 207,178</u>	<u>\$ 1,352</u>	<u>\$ 515,470</u>

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

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

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Basis of Accounting

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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. Unencumbered appropriations lapse at year-end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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.

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$249,657	\$353,357	\$103,700
Special Revenue	1,760,933	1,562,609	(198,324)
Total	\$2,010,590	\$1,915,966	(\$94,624)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$640,376	\$357,593	\$282,783
Special Revenue	1,650,392	1,538,156	112,236
Total	\$2,290,768	\$1,895,749	\$395,019

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$514,470
Certificates of deposit	1,000
Total deposits and investments	\$515,470

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 secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

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

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

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

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

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

Note 7 – 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 healthcare 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.

Note 8 – Postemployment Benefits

Both 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.

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

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

	<u>Principal</u>
Ohio Public Works Commission	\$43,880
The Savings Bank	20,000
KNB - Truck	51,576
KNB - Power Cots	45,305
Squad Lease	256,855
KS State Bank - Fill Station	<u>47,097</u>
Total	<u>\$464,713</u>

The Township issued an Ohio Public Works Commission (OPWC) note in 2007 to finance the replacement of a Township Road, to be repaid from the Gasoline Tax Fund over a twenty-year period.

In 2012, the Township received a loan in the amount of \$20,000 from the Savings Bank for the purchase of a rescue system. This loan was to be repaid in one installment in 2014 but there was no evidence of repayment.

During 2016, the Township entered into a loan for a 2017 Ford 550 in the amount of \$84,532. The loan is to be repaid over a 5-year period to be paid from the Road Fund.

In April 2018, the Township entered into a loan agreement with Kingston National Bank for Power Cots in the amount of \$56,631. The loan is to be repaid over a 5-year period to be paid from the Fire & Rescue Fund.

During 2018 the Township entered into a lease agreement to acquire a Squad in the amount of \$256,855 with an annual payment being made over 5 years to be paid from the Fire & Rescue Fund.

In October 2018, the Township entered into a loan agreement with KS State Bank to acquire a fill station in the amount of \$47,097. The loan is to be repaid over a 5-year period to be paid from the Fire & Rescue Fund.

Pickaway Township
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Amortization

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

Year Ending December 31:	OPWC	Savings Bank	KNB Truck	KNB Cots	Fill Station	Squad
2019	\$5,162	\$21,000	\$18,248	\$12,333	\$10,806	\$51,371
2020	5,162	0	18,248	12,333	10,806	51,371
2021	5,162	0	18,248	12,333	10,806	51,371
2022	5,162	0	0	12,333	10,806	51,371
2023	5,162	0	0	0	10,806	51,371
2024-2027	18,070	0	0	0	0	0
Total	<u>\$43,880</u>	<u>\$21,000</u>	<u>\$54,744</u>	<u>\$49,332</u>	<u>\$54,030</u>	<u>\$256,855</u>

Note 10 – Compliance

Contrary to ORC § 5705.41D, the township didn't properly certify funds during 2018.

Contrary to ORC § 5705.39, the Township had appropriations in excess of estimated resources.

Contrary to ORC § 5705.41(B), the Township had expenditures in excess of appropriations.

Note 11 – Restatement of Beginning Cash Balances

A restatement was made to beginning balances to correct cash balances due to an error identified. A payment was incorrectly posted twice to the Township's accounting system.

	<u>Special Revenue Funds</u>
Cash Balance January 1, 2018	\$ 155,037
Adjustments:	
Fund Balance Adjustment - Fire & Rescue Fund (2281)	<u>27,688</u>
Restated Cash Balance, January 1, 2018	<u>\$ 182,725</u>

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

Pickaway Township
Pickaway County
6166 Zane Trail Road
Circleville, Ohio 43113

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Pickaway Township, Pickaway County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated December 30, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2019-001 and 2019-002 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2019-003, 2019-004, and 2019-006 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-002, 2019-005, and 2019-007 through 2019-012.

Purpose of this Report

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
December 30, 2020

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-001

Material Weakness - *Financial Reporting*

Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Township's internal controls over financial reporting. Misstatements were identified in the following areas:

- Property Taxes;
- Other Debt Proceeds;
- Principal and Interest Payments;
- Public Safety Disbursements;
- Public Works Disbursements;
- Capital Outlay;
- Fund Balances;
- Notes to the financial statements required corrections and updates.

All of the above noted adjustments have been posted to the financial statements and to the Township's accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Client Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-002

Material Weakness/Non-Compliance

Ohio Revised Code section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto.

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 the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Section 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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

Amounts of less than \$3,000 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.

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-002

(Continued)

2. Blanket Certificate – Fiscal Officers 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 Township 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, 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’s Fiscal Officer did not certify the availability of funds prior to making commitments during 2018 for 31% of disbursements tested and during 2019 for 34% of disbursement tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

The Township’s Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Ohio Rev. Code section 5705.41(D) requires to authorize disbursements.

Client Response: We did not receive a response from Officials to this finding

FINDING NUMBER 2019-003

Significant Deficiency - *Internal Controls related to service organization*

When designing the public office’s system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management’s policies.
- Ensure that accounting records are properly designed
- Ensure adequate security of assets and records
- Plan for adequate segregation of duties or compensating controls
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records
- Perform analytical procedures to determine the reasonableness of financial data
- Ensure the collection and compilation of that data needed for the timely preparation of financial statements
- Monitor activities performed by service organizations.

The Township has delegated ambulance service billing processing, which is a significant accounting function to a third-party administrator (Medicount). SSAE No. 116 requires service organizations to have a report conducted in accordance with American Institute of Certified Public Accountants’ (AICPA) standards by a firm registered and considered in “good standing” with the Accountancy Board of the respective state. Medicount does have the SSAE No. 16 report, however the Township did not review the report. Furthermore, the Township has not implemented internal controls to monitor the ambulance service billing process.

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-003

(Continued)

The Township should implement internal control measures to monitor the ambulance service billing process. The Township should receive or request monthly EMS billing reports from Medicount, however, there is no documentation of supervisory review of these monthly reports. To improve internal controls, we recommend that the Township document their review of the monthly billing reports received from Medicount. The monthly billing reports should be marked with the reviewer's initials (or signature) and the date. The monthly billing reports should also be compared to the EMS run sheets or run logs to ensure they are accurate and complete. Additionally, the Township should reconcile to the receipts received and posted by the Township and report to Medicount as received to ensure all revenue is reported correctly by Medicount on the monthly reports.

Client Response: We did not receive a response from Officials to this finding

FINDING NUMBER 2019-004

Significant Deficiency - *Internal Controls related to Disbursements*

When designing the public office's system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed
- Ensure adequate security of assets and records
- Plan for adequate segregation of duties or compensating controls
- Perform analytical procedures to determine the reasonableness of financial data
- Ensure the collection and compilation of that data needed for the timely preparation of financial statements

Public funds were used to pay late fees and other fees. This improper use of funds was not detected in a timely manner by the Township's control structure and represents a significant deficiency in the control environment. Late fees were noted to be paid during the course of the audit which was not prevented or detected by the Township's internal controls over financial reporting. We have referred the payments of late fees and other fees to the Auditor of State for further review.

To ensure public monies are used for the purposes for which they were raised, financial management should review the Ohio Revised Code and perform a more detailed review of purchases before they are made. Professional services should be advised if financial management is unsure of a financial decision.

Client Response: We did not receive a response from Officials to this finding.

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-005

Noncompliance

Ohio Revised Code 5705.10 states that money paid into a fund shall only be used for the purposes for which the fund is established.

The Township had several invoices that were paid late during the audit period. These late payments resulted in the Township incurring late charges which is deemed an improper use of public funds.

The Township should adopt procedures to ensure that all payments are being made when due to avoid any late charges.

Client Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-006

Significant Deficiency - *Internal Controls related to Cash Reconciliations*

An outstanding check list is maintained to account for any checks that have not cleared the bank at the end of the month when a cash reconciliation is completed. A reconciliation is a monitoring control that ensures accountability for all expenditures and payments.

At December 31, 2019, the Township's outstanding check included checks dating back to 1999. In addition, there's no policy or procedures to address older outstanding checks.

As part of the reconciliation process, we recommend the Township adopt an outstanding check policy. This policy should include a deadline when the check should be deposited. For outstanding checks not redeemed prior to that date, they should be cancelled and replenished back to that respective fund.

The corresponding activity should be adjusted to the respective accounting records. Additionally, the Township Trustees should review the monthly cash reconciliation for unusual reconciling items and question old checks that have not cleared the bank or have not met the policy procedures. Follow-up by the trustees should be documented and be completed in a timely manner.

Client Response: We did not receive a response from Officials to this finding.

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-007

Noncompliance

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official certificate.

At December 31, 2018, appropriations exceeded estimated resources as follows:

Fund	Estimated Resources	Appropriations	Variance
Motor Vehicle Fund	\$ 37,942	\$ 56,806	(\$ 18,864)
General Fund	\$615,703	\$640,376	(\$24,673)

At December 31, 2019, appropriations exceeded estimated resources as follows:

Fund	Estimated Resources	Appropriations	Variance
General Fund	\$ 535,140	\$ 628,140	(\$ 93,000)

This could result in overspending of available resources.

The Fiscal Officer should monitor the approved appropriations to ensure they do not exceed the estimated resources on the amended certificates.

Client Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-008

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 inadequate policies and procedures in approving and reviewing budget versus actual information, the Township had expenditures in excess of appropriations as follows:

At December 31, 2018, appropriations exceeded estimated resources as follows:

Fund	Appropriations	Expenditures	Variance
Gasoline Tax	\$ 31,484	\$ 94,538	(\$ 63,054)
Road & Bridge	\$ 67,210	\$ 169,621	(\$ 102,411)
Fire & Rescue	\$ 54,275	\$ 360,591	(\$ 306,317)

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.

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-008
(Continued)

The Board of Trustees 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.

Client Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-009

Noncompliance

26. U.S.C. 3402(a)(1) requires employers to withhold and remit federal income taxes from the wages of employees and elected officials.

The Township was unable to provide 941 quarterly reports for the 2018 and 2019 fiscal years. Due to the lack of supporting documentation related to federal taxes we were not able to determine if proper payments were remitted to the federal reporting agency by the Township during the 2018 and 2019 fiscal years.

During 2019 federal taxes were withheld from employees' and elected official's wages. However, there was no indication or documentation that the amounts withheld were remitted.

We recommend that Pickaway Township remit taxes withheld on a timely basis. Additionally, the Township should maintain documentation concerning the remittance of federal income taxes as well as the required reports.

Client Response: We did not receive a response from Officials to this finding

FINDING NUMBER 2019-010

Noncompliance

Ohio Rev Code 149.43 (E) states that the Ohio Attorney General shall develop and provide to all public offices a model public records policy for responding to public records requests in compliance with Ohio Rev. Code 149.43 in order to provide guidance to public offices in developing their own public record policies. The Ohio Attorney General's office has provided an example policy at www.ag.state.oh.us/publicrecords/modelpolicy.asp.

The Public Records Policy must adhere to the following requirements:

1. The policy must be distributed to all employees for compliance with Open Records Laws. The Township is required to distribute their Public Records Policy to the employee who is the records custodian/manager of otherwise has custody of the records of that office.
2. All public offices were required by September 2007 to create a poster describing its public records policy. The poster is required to be posted in a conspicuous place in the public office.
3. The policy should be included in the employee policies and procedures manual.
4. Any schedule for destruction of records must be sent to the Ohio Historical Society for review to determine whether any of the records are of historical Value.

It was noted during the audit that the Township did not adopt a Public records policy. A public records policy is required to ensure the Township is in compliance with all the public records laws. All Township employees need to be aware of the public record laws and what procedures to follow when a member of the public requests to examine public records.

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-010
(Continued)

We recommend the Township adopt a public records policy and records retention policy that is modeled after the example published by the Ohio Attorney General.

Client Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-011

Noncompliance

Subdivision treasurers must complete annual continuing education programs provided by the Treasurer of State (TOS). The TOS issues certificates indicating that the treasurer has successfully completed the continuing education program.

The continuing education requirement does not apply to a subdivision treasurer who annually provides a notice of exemption to the Auditor of State, certified by the Treasurer of State (and confirmable through the TOS searchable database weblink below) that the treasurer is not subject to the continuing education requirements because the treasurer invests or deposits public funds in the following investments only (Ohio Rev. Code § 135.22):

- (1) Interim deposits pursuant to Ohio Rev. Code §§ 135.14(B)(3) or 135.145 (CDAR and similar programs);
- (2) STAR Ohio pursuant to Ohio Rev. Code § 135.14(B)(6);
- (3) No-load money market mutual funds pursuant to Ohio Rev. Code § 135.14 (B)(5)

Because the Township only has interim deposits they are not required to take the TOS required training course. However, an exemption should be filed with the AOS.

During testing of compliance, it was noted that the Fiscal Officer had not filed CPIM training exemptions with the Auditor of State for current audit period.

We recommend that the Fiscal Officer annually obtain the required training or provide a notice of exemption to the AOS so long as they are not required to take the investment training.

Client Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-012

Noncompliance

Ohio Rev. Code Section 5747.07(B)(4) states an employer shall make the payment of undeposited taxes for each calendar quarter during which they were required to be withheld no later than the last day of the month following the last day of March, June, September, and December of each year. The employer shall file the return prescribed by the tax commissioner with the payment.

Ohio Rev. Code Section 5747.07 (E)(2) requires that in addition to other returns required to be filed and payments made under this section, every employer required to deduct and withhold taxes shall file, not later than the thirty-first day of January of each year, an annual return covering, but not limited to, both the aggregate amount deducted and withheld and the aggregate amount required to be deducted and withheld during the entire preceding year for the tax imposed under section 5747.02 of the Revised Code. At the time of filing the return, the employer shall pay over any amounts of undeposited taxes for the preceding year, whether actually deducted and withheld or required to be deducted and withheld, that have not been previously paid. The employer shall make the annual report, to each employee and to the tax commissioner, of the compensation paid and each tax withheld, as the commissioner by rule may prescribe.

PICKAWAY TOWNSHIP
PICKAWAY COUNTY

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

FINDING NUMBER 2019-012
(Continued)

During 2019 state income taxes were withheld from employees' and elected official's wages. However, there was no indication or documentation that the amounts withheld were remitted.

We recommend the Fiscal Officer remit state income taxes withheld on a timely basis. Additionally, the Township should maintain documentation concerning the remittance of state income taxes as well as the required reports.

Client Response: We did not receive a response from Officials to this finding.

PICKAWAY TOWNSHIP
PICKAWAY COUNTY
DECEMBER 31, 2019 AND 2018

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	Material Weakness – Financial Reporting	No	Reissued as finding 2019-001
2017-002	Non-Compliance – ORC 5705.41(D)(1)	No	Reissued as finding 2019-002
2017-003	Significant Deficiency – Internal controls related to service organization	No	Reissued as finding 2019-003
2017-004	Significant Deficiency – Internal controls related to disbursements	No	Reissued as finding 2019-004
2017-005	Significant Deficiency – Internal controls related to cash reconciliations	No	Reissued as finding 2019-006
2017-006	Non-Compliance – ORC 5705.39	No	Reissued as finding 2019-007
2017-007	Non-Compliance – 26. U.S.C. 3402(a)(1)	No	Reissued as finding 2019-009
2017-008	Non-Compliance – ORC 5705.10	No	Reissued as finding 2019-005
2017-009	Non-Compliance - ORC 149.43(E)	No	Reissued as finding 2019-010
2017-010	Non-Compliance – CPIM	No	Reissued as finding 2019-011
2017-011	Significant Deficiency – Internal controls related to payroll disbursements	Yes	

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OHIO AUDITOR OF STATE KEITH FABER



PICKAWAY TOWNSHIP

PICKAWAY 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 2/2/2021

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