



**GASPER TOWNSHIP
PREBLE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Gasper Township
P.O. Box 163
Eaton, Ohio 45320

We have reviewed the *Independent Auditor's Report* of Gasper Township, Preble County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery #1 - Trustee Overpayment – Repaid Under Audit

Ohio Rev. Code § 505.24(A)(4), provides, in part, in calendar year 2018, each township trustee is entitled to compensation of fifty-six dollars and seventy-one cents per day for not more than two hundred days, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars.

Ohio Rev. Code § 505.24(A)(5), provides, in part, in calendar year 2018, each township trustee is entitled to compensation of sixty-two dollars and thirty-nine cents per day for not more than two hundred days, in townships having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars.

Ohio Rev. Code § 505.24(B), provides, in part, in calendar year 2019 the compensation determined under division (A) of this section shall be increased by one and three-quarters per cent.

Per the Township's original certificate of estimated resources for 2019 each Trustee should have been paid in the budget range as noted in Ohio Rev. Code § 505.24(A)(4) above. In June 2019 the Township's estimated resources increased due to the expected receipt of a grant. As such, each Trustee should have been paid in the budget range as noted in Ohio Rev. Code § 505.24(A)(5) above. However, the Fiscal Officer incorrectly applied this increase back to the start of 2019. As a result, two Trustees were overpaid by \$473.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

Fiscal Officer Anitra Roell received or collected the public money used to make the overpayment.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustees William Hapner and William Roell and their bonding company, Burnham & Flower Insurance Group, in the amount of \$473 each, and in favor of Gasper Township's General Fund. Fiscal Officer Anitra Roell and her bonding company, Burnham & Flower Insurance Group, will be jointly and severally liable in the amount of \$946.

On September 13, 2021, Trustee William Hapner repaid the Township \$473 via check to the credit of the Township's General Fund. On August 31, 2021, Trustee William Roell repaid the Township \$473 via check to the credit of the Township's General Fund.

Finding for Recovery #2 – OPERS Penalties & Interest – Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Further, **Auditor of State Bulletin 2003-005** states that the Auditor of State's Office will only question expenditures where the legislative determination of a proper public purpose is manifestly arbitrary and incorrect.

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

As Fiscal Officer, Anitra Roell was the official responsible for withholding and remitting the required Ohio Public Employees Retirement System (OPERS) amounts from Township employee earnings. Anitra Roell withheld, as required, OPERS amounts during 2018 through 2019. However, at various points during this time period, Anitra Roell failed to timely remit OPERS withholdings of the Township's employees to OPERS, which resulted in gross neglect of her duty amounting to reckless disregard for the Township. As a result, the Township incurred penalties and interest from OPERS. These penalties and interest totaled \$701. The payment of penalties and interest are not considered to serve a proper public purpose and would have been avoided had the funds been remitted as required by law.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Anitra Roell, Fiscal Officer, and her bonding company, Burnham & Flower Insurance Group, jointly and severally, in the amount of \$701, and in favor of Gasper Township's General Fund.

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On August 31, 2021, Fiscal Officer Anitra Roell repaid the Township \$701 via check to the credit of the Township's General Fund.

Finding for Recovery #3 - Fiscal Officer Overpayment – Repaid Under Audit

Ohio Rev. Code § 507.09(A)(4), provides, in part, in calendar year 2018, a township fiscal officer is entitled to compensation of eighteen thousand seven hundred seventeen dollars, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars.

Ohio Rev. Code § 507.09(A)(5), provides, in part, in calendar year 2018, a township fiscal officer is entitled to compensation of twenty-one thousand eight hundred thirty-six dollars, in townships having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars.

Ohio Rev. Code § 507.09(B), provides, in part, in calendar year 2019 the compensation determined under division (A) of this section shall be increased by one and three-quarters per cent.

Per the Township's original certificate of estimated resources for 2019 the Fiscal Officer should have been paid in the budget range as noted in Ohio Rev. Code § 507.09(A)(4) above. In June 2019 the Township's estimated resources increased due to the expected receipt of a grant. As such, the Fiscal Officer should have been paid in the budget range as noted in Ohio Rev. Code § 507.09(A)(5) above. However, the Fiscal Officer incorrectly applied this increase back to the start of 2019. As a result, the Fiscal Officer was overpaid by \$1,299.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Anitra Roell, Fiscal Officer, and her bonding company, Burnham & Flower Insurance Group, jointly and severally, in the amount of \$1,299, and in favor of Gasper Township's General Fund.

On August 31, 2021, Fiscal Officer Anitra Roell repaid the Township \$1,299 via check to the credit of the Township's General Fund.

Board of Trustees
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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. The Gasper Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

February 25, 2022

**GASPER TOWNSHIP
PREBLE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

January 7, 2022

Gasper Township
Preble County
4195 Paint Creek Road
P.O. Box 163
Eaton, Ohio 45320

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 **Gasper Township**, Preble County, (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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 are in the *Additional Opinion Qualification* and *Unmodified Opinion* paragraphs below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Additional Opinion Qualification

The Special Revenue funds exclude cash receipts, disbursements and cash balances related to the Gaspar Township Fire and Rescue Association account used for Fire Department donations and fund raisers during 2018 and 2019. We were unable to determine the amounts of the omitted account. We believe excluding this account is misleading since the Gaspar Township Fire and Rescue Association provides financial resources exclusively to the Township, and therefore, the financial statements should include this activity.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Special Revenue fund type of Gaspar Township, Preble County as of December 31, 2019 and 2018, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General Fund of Gaspar Township, Preble County as of December 31, 2019 and 2018, and its combined cash receipts and disbursements 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 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may 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 January 7, 2022, 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

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

**GASPER TOWNSHIP
PREBLE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 117,914	\$ 339,654	\$ 457,568
Charges for Services	-	77,448	77,448
Licenses, Permits and Fees	-	508	508
Intergovernmental	46,160	738,707	784,867
Earnings on Investments	262	187	449
Miscellaneous	876	388	1,264
<i>Total Cash Receipts</i>	<u>165,212</u>	<u>1,156,892</u>	<u>1,322,104</u>
Cash Disbursements			
Current:			
General Government	167,149	30,800	197,949
Public Safety	-	375,931	375,931
Public Works	7,694	100,449	108,143
Capital Outlay	-	598,527	598,527
<i>Total Cash Disbursements</i>	<u>174,843</u>	<u>1,105,707</u>	<u>1,280,550</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,631)</u>	<u>51,185</u>	<u>41,554</u>
Other Financing Receipts (Disbursements)			
Advances In	81,459	-	81,459
Advances Out	-	(81,459)	(81,459)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>81,459</u>	<u>(81,459)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	71,828	(30,274)	41,554
<i>Fund Cash Balances, January 1</i>	<u>(63,504)</u>	<u>332,027</u>	<u>268,523</u>
Fund Cash Balances, December 31			
Restricted	-	272,688	272,688
Committed	-	29,065	29,065
Assigned	2,800	-	2,800
Unassigned	5,524	-	5,524
<i>Fund Cash Balances, December 31</i>	<u>\$ 8,324</u>	<u>\$ 301,753</u>	<u>\$ 310,077</u>

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

**GASPER TOWNSHIP
PREBLE 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 Gasper Township, Preble 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, police protection, fire protection and emergency medical services.

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

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

The Gasper Township Fire and Rescue Association (the Association) is a blended component unit of Gasper Township. The Township's financial statements do not include the activity of the Association. Note 11 to the financial statements provides additional information for this entity.

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

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, 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.

Gasoline 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.

Police Levy Fund This fund receives proceeds from the levy to provide police protection throughout the Township.

Special Levy Fund This fund receives property taxes and receipts from the billing of emergency runs.

Miscellaneous Special Revenue This fund is used to account for FEMA money awarded to and expended by the Township for the purchase of fire equipment.

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 – Summary of Significant Accounting Policies (Continued)

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 reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

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.

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, expenditures exceeded appropriation authority in the General, Gasoline Tax, Police District, Special Levy Fund and Miscellaneous Special Revenue Fund by \$42,843, \$50,816, \$69,722, \$214,645 and \$598,527, respectively, for the year ended December 31, 2019. Also, appropriation authority exceeded estimated resources in the Miscellaneous Special Revenue Fund by \$2,705.

Note 4 – Budgetary Activity

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

Fund Type	2019 Budget vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 127,400	\$ 165,212	\$ 37,812
Special Revenue	685,460	1,156,892	471,432
	\$ 812,860	\$ 1,322,104	\$ 1,322,104

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 4 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 132,000	\$ 174,843	\$ (42,843)
Special Revenue	190,400	1,105,707	(915,307)
	\$ 322,400	\$ 1,280,550	\$ 1,280,550

Note 5 – Deposits

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	\$ 310,077
Total Deposits	\$ 310,077

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

Note 6 – Property Taxes

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

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

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

Note 7 – Interfund Balances

Outstanding advances at December 31, 2019, consisted of \$2,705 from the General Fund to the Miscellaneous Special Revenue Fund to provide working capital for operations.

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 8 – Risk Management

Risk Pool Membership

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019:

	<u>2019</u>
Cash and investments	\$ 35,207,320
Actuarial liabilities	\$ 10,519,542

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 10 – Postemployment Benefits

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

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 11 – Component Unit

The Gasper Township Fire and Rescue Association is a component unit of Gasper Township. The Fire and Rescue Association is a legally separate entity. The purpose of the Association is to hold fundraisers and use the funds to primarily help with the expenses of general equipment, supplies, and uniforms for the members of the Gasper Township Fire Department. The Township's financial statements do not include the activity of the Association and we were unable to determine the amounts of the omitted Association.

Note 12 – Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many counties, included the geographical area in which the Township operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergence assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Township.

**GASPER TOWNSHIP
PREBLE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 115,804	\$ 251,910	\$ 367,714
Charges for Services	-	110,777	110,777
Licenses, Permits and Fees	-	330	330
Intergovernmental	38,295	127,733	166,028
Earnings on Investments	112	52	164
Miscellaneous	265	-	265
<i>Total Cash Receipts</i>	<u>154,476</u>	<u>490,802</u>	<u>645,278</u>
Cash Disbursements			
Current:			
General Government	154,905	28,685	183,590
Public Safety	-	375,822	375,822
Public Works	21,489	180,248	201,737
Capital Outlay	-	2,705	2,705
<i>Total Cash Disbursements</i>	<u>176,394</u>	<u>587,460</u>	<u>763,854</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(21,918)</u>	<u>(96,658)</u>	<u>(118,576)</u>
Other Financing Receipts (Disbursements)			
Advances In	61,900	12,305	74,205
Advances Out	(12,305)	(61,900)	(74,205)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>49,595</u>	<u>(49,595)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	27,677	(146,253)	(118,576)
<i>Fund Cash Balances, January 1</i>	<u>(91,181)</u>	<u>478,280</u>	<u>387,099</u>
Fund Cash Balances, December 31			
Restricted	-	312,089	312,089
Committed	-	19,938	19,938
Unassigned	(63,504)	-	(63,504)
<i>Fund Cash Balances, December 31</i>	<u>\$ (63,504)</u>	<u>\$ 332,027</u>	<u>\$ 268,523</u>

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

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Gasper Township, Preble 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, police protection, fire protection and emergency medical services.

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

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

The Gasper Township Fire and Rescue Association (the Association) is a blended component unit of Gasper Township. The Township's financial statements do not include the activity of the Association. Note 11 to the financial statements provides additional information for this entity.

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

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, 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.

Gasoline 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.

Police Levy Fund This fund receives proceeds from the levy to provide police protection throughout the Township.

Special Levy Fund This fund receives receipts from the billing of emergency runs.

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 – Summary of Significant Accounting Policies (Continued)

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 reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

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.

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, appropriation authority exceed estimated resources in the Special Levy and Miscellaneous Special Revenue Fund in the amounts of \$7,944 and \$2,705 respectively, for the year ended December 31, 2018.

Note 4 – Budgetary Activity

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

2018 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 207,000	\$ 154,476	\$ (52,524)
Special Revenue	569,180	490,802	(78,378)
	\$ 776,180	\$ 645,278	\$ 130,902

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 4 – Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 242,743	\$ 176,394	\$ 66,349
Special Revenue	765,605	587,460	178,145
	\$ 1,008,348	\$ 763,854	\$ 244,494

Note 5 – Deposits

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:

	2018
Demand Deposits	\$ 268,523
Total Deposits	\$ 268,523

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

Note 6 – Property Taxes

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

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

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

Note 7 – Interfund Balances

Outstanding advances at December 31, 2018, consisted of \$81,459 from the General Fund to the Special Levy Fund and \$2,705 from the General Fund to the Miscellaneous Special Revenue Fund to provide working capital for operations.

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 8 – Risk Management

Risk Pool Membership

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

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

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

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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 10 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**GASPER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11 – Component Unit

The Gasper Township Fire and Rescue Association is a component unit of Gasper Township. The Fire and Rescue Association is a legally separate entity. The purpose of the Association is to hold fundraisers and use the funds to primarily help with the expenses of general equipment, supplies, and uniforms for the members of the Gasper Township Fire Department. The Township's financial statements do not include the activity of the Association and we were unable to determine the amounts of the omitted Association.

Note 12 – Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many counties, included the geographical area in which the Township operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergence assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Township.

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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**

January 7, 2022

Gasper Township
Preble County
4195 Paint Creek Road
Eaton, Ohio 45320

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 **Gasper Township**, Preble 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 January 7, 2022, 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 qualified our opinion due to the omission of cash receipts, disbursements and cash balances related to the Gasper Township Fire and Rescue Association account used for Fire Department donations and fundraisers. We noted the financial impact of COVID-19 and the ensuing emergency measures may 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.

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 through 2019-008 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2019-002 and 2019-003.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 communication is not suitable for any other purpose.



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

**GASPER TOWNSHIP
PREBLE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

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

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

- Property Taxes in 2019 and 2018 were recorded at net instead of gross in the General Fund in the amounts of \$16,133 and \$11,558, respectively.
- Miscellaneous Special Revenue Fund Balance was classified as nonspendable fund balance instead of restricted in 2019.
- General fund balance in 2019 was recorded as unassigned instead of assigned.
- Road and Bridge fund balances in 2019 and 2018 were recorded as restricted instead of committed.
- Special item receipt in the amount of \$876 in the General fund should have been posted to miscellaneous.
- Gasoline Tax receipts in the amount of \$7,488 were recorded under the Road and Bridge fund instead of the Gasoline Tax Fund.

The Township made these adjustments to their accounting system.

The following misstatements were inconsequential to the overall financial statements of the Township for December 31, 2019 and 2018 and were not posted to the financial statements or ledgers:

- Preble County receipts were posted as property and other local taxes instead of intergovernmental in the amounts of \$6,664 and \$7,875 in the General fund for 2019 and 2018 respectively.
- Property Taxes in 2018 were recorded at net instead of gross in the Road and Bridge and Fire Levy funds in the amounts of \$5,995 and \$5,014.
- Property Taxes in 2019 were recorded at net instead of gross for the Road and Bridge, Police and Fire Levy funds in the amounts of \$609, \$1,729 and \$5,115 respectively.
- EMS grant receipt was posted as charges for services instead of intergovernmental in the amount of \$2,160 for 2019.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all material reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

**GASPER TOWNSHIP
PREBLE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-001 (Continued)

Posting Receipts, Disbursements and Fund Balances (Continued)

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

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

FINDING NUMBER 2019-002

Material Weakness/Noncompliance

Ohio Revised Code § 5705.10(I)

Ohio Rev. Code §5705.10(I) provides that money paid into a fund must be used only for purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The General Fund had a negative balance of (\$63,504) at December 31, 2018 [adjusted].

We recommend the Township monitor fund balances and take corrective action and monitor financial activity of the Township.

Management's Response – Funds are monitored, and trustees are given financial reports for signature at every monthly meeting since April 2020.

FINDING NUMBER 2019-003

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations). Expenditures exceeded appropriations in the General, Gasoline Tax, Police District, Special Levy and Miscellaneous Special Revenue funds in the amounts of \$42,843, \$50,816, \$69,722, \$214,645 and \$598,527 respectively in 2019. We noted subsequent appropriations were made but not approved.

**GASPER TOWNSHIP
PREBLE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-003 (Continued)

Budgetary Controls (Continued)

- Violations of Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Township did not properly certify the availability of funds prior to purchase commitment for 74% of the expenditures tested for 2019 and for 53% of the expenditures tested for 2018.
- Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. Contrary to Ohio law, the General fund had a negative fund balance (adjusted) at December 31, 2018.
- Ohio Rev. Code §5705.39 provides that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For the purposes of this section of the Ohio Rev. Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances. Appropriations exceeded estimated resources by \$2,705 for 2019 in the Miscellaneous Special Revenue fund. Appropriations exceeded estimated resources by \$7,944 and \$2,705 in the Special Levy and Miscellaneous Special revenue funds respectively in 2018.

In addition, The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Township Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township trustees to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Board of Trustees does not monitor for budgetary compliance. Although Board of Trustees approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure budgetary forms are properly completed, submitted to the County Budget Commission timely or that transfers are done in compliance with laws and regulations.

Board of Trustees should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure that ensures budgetary forms are submitted to the County accurately and timely. This could include a checklist of forms and due dates. Steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

Management’s Response – Since April 2020 all expended funds have been approved by the budget commission. Trustees are given reports every monthly meeting for review.

**GASPER TOWNSHIP
PREBLE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-004

Material Weakness

Component Units

Government Accounting Standards Board (GASB) Statement No. 14, paragraph 20 as amended by GASB 61, states, "Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting Township's financial statements to be misleading or incomplete."

The Fire and Rescue Association is a legally separate entity and the Township Board of Trustees cannot influence the Association's operations. The association provided services entirely to the Township for donations and fund raisers in 2019 and 2018 and excluding its activity would cause the Township's financial statements to be misleading. As such, the Gasper Township Fire and Rescue Association is a blended component unit of Gasper Township and its activity should be included in the Township's financial statements. However, the Township's financial statements do not include the activity of the Association and we were unable to determine the amounts of the omitted component unit which resulted in a qualified opinion.

Failure to record all financial activity for the above mentioned component unit could result in misappropriation of funds and inaccurate reporting of Township financial activity. We recommend all Gasper Township Fire and Rescue Association receipts and expenditures be accounted for on the Township's financial records. The Gasper Township Fire and Rescue Association records should be reconciled with the bank activity on a monthly basis.

Management's Response – A system has been developed with the Fire association to provide the trustees with an income and expense report.

FINDING NUMBER 2019-005

Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. The reconciliation included large other adjusting factors due to incorrectly posting prior audit period fund balance adjustments. We were able to recreate bank reconciliations during the audit that agreed to the financial statements.

We recommend the Fiscal Officer maintain accurate fund balances that are reconciled to the bank statements monthly. Copies of bank reconciliations should be presented to the Board of Trustees for review, approval, and use in managing of the Township by the Board of Trustees.

Management's Response – Bank reconciliations are completed before every monthly trustee meeting and copies are provided the trustees for signatures. After the proof of cash audit was completed in 2020 there have been 1 other adjusting factor used. Bank balances have been correct every month

**GASPER TOWNSHIP
PREBLE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-006

Material Weakness

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

The Township failed to timely remit OPERS payments which resulted in penalties and late fees.

Failure to properly remit payroll withholdings resulted in penalties and late fees in the amount of \$701 during 2018 and 2019.

The Township also withheld OPERS amounts from 10 employees during 2019 and 9 employees during 2018, however, the Township did not report these employees' wages to OPERS, nor did they remit the amounts withheld. This matter will be referred to OPERS.

We recommend the Fiscal Officer and Trustees ensure that all payroll withholdings are remitted in full on a timely basis. We also recommend that the Township review its procedures for monitoring of payroll cycle activity to ensure that all payroll activity is properly accounted for and that the Township is in compliance with regulations governing the withholding and remitting of employment taxes and pension contributions. Finally, we recommend the Township ensure all employees are timely enrolled in OPERS and that their wages and associated withholdings are properly reported and remitted.

Management's Response – Since April 2020 OPERS payments have been made timely with no penalties incurred.

FINDING NUMBER 2019-007

Material Weakness

Officials Compensation

Ohio Rev. Code § 507.09(A)(4), provides, in part, in calendar year 2018, a township fiscal officer is entitled to compensation of eighteen thousand seven hundred seventeen dollars, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars.

**GASPER TOWNSHIP
PREBLE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-007 (Continued)

Officials Compensation (Continued)

Ohio Rev. Code § 507.09(A)(5), provides, in part, in calendar year 2018, a township fiscal officer is entitled to compensation of twenty-one thousand eight hundred thirty-six dollars, in townships having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars.

Ohio Rev. Code § 507.09(B), provides, in part, in calendar year 2019 the compensation determined under division (A) of this section shall be increased by one and three-quarters per cent.

Per the Township's original certificate of estimated resources for 2019 the Fiscal Officer should have been paid in the budget range as noted in Ohio Rev. Code § 507.09(A)(4) above. In June 2019 the Township's estimated resources increased due to the expected receipt of a grant. As such, the Fiscal Officer should have been paid in the budget range as noted in Ohio Rev. Code § 507.09(A)(5) above. However, the Fiscal Officer incorrectly applied this increase back to the start of 2019. As a result, the Fiscal Officer was overpaid by \$1,299.

Ohio Rev. Code § 505.24(A)(4), provides, in part, in calendar year 2018, each township trustee is entitled to compensation of fifty-six dollars and seventy-one cents per day for not more than two hundred days, in townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars.

Ohio Rev. Code § 505.24(A)(5), provides, in part, in calendar year 2018, each township trustee is entitled to compensation of sixty-two dollars and thirty-nine cents per day for not more than two hundred days, in townships having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars.

Per the Township's original certificate of estimated resources for 2019 each Trustee should have been paid in the budget range as noted in Ohio Rev. Code § 505.24(A)(4) above. In June 2019 the Township's estimated resources increased due to the expected receipt of a grant. As such, each Trustee should have been paid in the budget range as noted in Ohio Rev. Code § 505.24(A)(5) above. However, the Fiscal Officer incorrectly applied this increase back to the start of 2019. As a result, two Trustees were overpaid by \$473.

Failure to compensate at the proper rate could result in improper payments and withholdings.

Township officials should take the necessary steps to help ensure the proper compensation of all employees.

Management's Response – Since April 2020 compensation has been corrected. All overpayments have been paid back to the Township.

**GASPER TOWNSHIP
PREBLE COUNTY**

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

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

FINDING NUMBER 2019-008

Material Weakness

Untimely Remitted Payroll Withholdings

Employers must report income and employment taxes withheld from their employees on an Employer's Quarterly Federal Tax Return (Form 941) and deposit these taxes in full to an authorized bank or financial institution pursuant to Federal Tax Deposit Requirements. Additionally, the Township should have a system of internal controls to ensure that payroll withholdings of federal taxes, state income taxes, and pension system contributions are properly remitted to the appropriate governmental agencies on a timely basis.

The Township did not submit reports of withholdings on a timely basis in 2018. Failure to properly remit payroll withholding reports could result in penalties and late fees.

We recommend the Fiscal Officer and Trustees ensure that all payroll withholdings reports are timely remitted.

Management's Response – Since April 2020 all payroll withholding forms have been submitted to the proper authorities in a timely manner.

**GASPER TOWNSHIP
PREBLE COUNTY**

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

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Reporting	Not Corrected	Repeated as Finding 2019-001
2017-002	Ohio Revised Code §5705.10(I)	Not Corrected	Repeated as Finding 2019-002
2017-003	Ohio Revised Code §5705.41(D)	Not Corrected	Repeated as Finding 2019-003
2017-004	Component Units	Not Corrected	Repeated as Finding 2019-004
2017-005	Bank Reconciliations	Not Corrected	Repeated as Finding 2019-005
2017-006	Unremitted Payroll Withholdings	Not Corrected	Repeated as Finding 2019-006
2017-007	Ohio Revised Code §5705.41(B)	Not Corrected	Repeated as Finding 2019-003

OHIO AUDITOR OF STATE KEITH FABER



GASPER TOWNSHIP

PREBLE 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 3/10/2022

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