



**MONCLOVA TOWNSHIP
LUCAS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

313 Second St.
Marietta, OH 45750
740 373 0056

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

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

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



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Board of Trustees
Monclova Township
4335 Albon Road
Monclova, Ohio 43542

We have reviewed the *Independent Auditor's Report* of Monclova Township, Lucas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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. Monclova 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

December 21, 2021

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MONCLOVA TOWNSHIP
LUCAS COUNTY

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INDEPENDENT AUDITOR'S REPORT

September 17, 2021

Monclova Township
Lucas County
4335 Albon Road
Monclova, OH 43542

To the Board of Trustees:

Report on the Financial Statements

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

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.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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 for each governmental fund type as of and for the year ended December 31, 2020 and December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 15 to the financial statements, during 2020, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. In addition, as discussed in Note 16 and 13 to the financial statements for 2020 and 2019 respectively, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

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

**Monclova Township
Lucas County**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 2,325,855	\$ 2,679,580	\$ -	\$ -	\$ 5,005,435
Charges for Services	-	195,176	-	-	195,176
Licenses, Permits and Fees	278,558	20,900	-	-	299,458
Intergovernmental	194,053	1,362,887	-	118,566	1,675,506
Special Assessments	-	1,358,720	-	-	1,358,720
Earnings on Investments	86,632	1,070	-	-	87,702
Miscellaneous	87,129	158,837	-	-	245,966
<i>Total Cash Receipts</i>	<u>2,972,227</u>	<u>5,777,170</u>	<u>-</u>	<u>118,566</u>	<u>8,867,963</u>
Cash Disbursements					
Current:					
General Government	799,215	557,794	-	-	1,357,009
Public Safety	930	2,018,371	-	-	2,019,301
Public Works	278,023	1,791,812	-	-	2,069,835
Health	99,218	23,512	-	-	122,730
Conservation-Recreation	33,295	-	-	-	33,295
Capital Outlay	49,928	90,424	-	118,566	258,918
Debt Service:					
Principal Retirement	-	39,297	-	-	39,297
<i>Total Cash Disbursements</i>	<u>1,260,609</u>	<u>4,521,210</u>	<u>-</u>	<u>118,566</u>	<u>5,900,385</u>
<i>Net Change in Fund Cash Balances</i>	1,711,618	1,255,960	-	-	2,967,578
<i>Fund Cash Balances, January 1</i>	<u>10,156,522</u>	<u>3,387,702</u>	<u>74,878</u>	<u>499,533</u>	<u>14,118,635</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 11,868,140</u>	<u>\$ 4,643,662</u>	<u>\$ 74,878</u>	<u>\$ 499,533</u>	<u>\$ 17,086,213</u>

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

Monclova Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Monclova Township, Lucas 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 Lucas County Sherriff's Office to provide police protection services to the Township.

Public Entity Risk Pool and Economic Development Contracts

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. The Township also participates in a joint venture and economic development contracts with neighboring municipalities, created pursuant to ORC 715. The legislative authorities of the contracting parties have formed districts or zones to develop land for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in those municipalities. These statutorily created entities are governed by independent appointed boards of directors. Notes 7, 12, and 13 to the financial statements provides additional information for these entities. 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 Funds:

Road and Bridge Fund – The Road and Bridge Fund accounts for and reports property tax money restricted for construction, maintenance, and repair of roads within the Township.

Special Fire Levy Fund – The Special Fire Levy Fund accounts for and reports property tax money restricted for fire department expenses.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had no receipt or disbursement activity in any of the Debt Service Funds in 2020.

Monclova Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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

OPWC – 2013 Resurfacing Fund – The OPWC – 2013 Resurfacing Fund accounts for and reports money restricted for the various road projects within the Township.

Basis of Accounting

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

A summary of 2020 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Monclova Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

NOTE 3 – COMPLIANCE

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects fund by \$118,566 for the year ended December 31, 2020.

Monclova Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 4 – BUDGETARY ACTIVITY

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,890,550	\$ 2,972,227	\$81,677
Special Revenue	6,231,181	5,777,170	(454,011)
Capital Projects	443,700	118,566	(325,134)
Debt Service	-	-	0
Total	<u>\$ 9,565,431</u>	<u>\$ 8,867,963</u>	<u>(\$697,468)</u>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,942,497	\$1,260,609	\$681,888
Special Revenue	7,092,268	4,521,210	2,571,058
Capital Projects	0	118,556	(118,556)
Debt Service	0	0	0
Total	<u>\$9,034,765</u>	<u>\$5,900,375</u>	<u>\$3,134,390</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$ 8,775,688
Total deposits	\$ 8,775,688
STAR Ohio	\$ 8,310,525
Total investments	\$ 8,310,525
<i>Total carrying amount of deposits and investments</i>	\$ 17,086,213

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

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

At December 31, 2020, \$3,253,654 of deposits were not insured or collateralized due to the financial institution having a reduced rate of 50% through the OPCS.

Monclova Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 5 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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 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.

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 – RISK MANAGEMENT

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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 actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Monclova Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 8 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

The Township's certified full-time Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2020.

Social Security

Several of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

NOTE 9– POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

NOTE 10 – DEBT

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$ 486,774	0%

Monclova Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 10 – DEBT (CONTINUED)

The Ohio Public Works Commission (OPWC) loans are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal payments. The OPWC loans were received to finance improvements to various township roads. The zero interest loans will be repaid in semiannual installments over ten years.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Principal Payments
2021	\$ 78,595
2022	64,983
2023	64,983
2024	64,983
2025	49,045
2026-2030	164,185
Total	<u>\$ 486,774</u>

NOTE 11 – CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township’s financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 12 – JOINT VENTURES

Monclova/Whitehouse Joint Economic Development District (JEDD)

Created in 2010 it is a scattered parcel district with new parcels petitioning to enter the district yearly. The board is made up of five members. Whitehouse appoints one, Monclova Township appoints three and those four members appoint a fifth at large member. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD territory. Per the JEDD contract Whitehouse collects all the income taxes associated with the zone and distributes Monclova Township’s share directly which is 75%. The 2020 revenue to Monclova was \$477,307.

Toledo Express Airport Joint Economic Development District (JEDD)

This JEDD was created in 2014 between Monclova Township, Swanton Township, and the City of Toledo. The board is made up of five members. Monclova and Swanton jointly appoint two members, the City of Toledo appoints two members, and those four members appoint a fifth at large member. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD territory. Per the JEDD contract the City of Toledo collects all the income taxes associated with the zone and distributes Monclova Township’s share directly which is 1/3 of the quarterly distribution to contracting parties. The 2020 revenue to Monclova was \$53,501.

Monclova Township
Lucas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 13 – ECONOMIC DEVELOPMENT CONTRACTS

Maumee/Monclova/Toledo Joint Economic Development Zone (JEDZ)

This JEDZ was created in 2003 with 550 acres all within Monclova Township. Each member appoints three board members with equal voting rights. Per the JEDZ contract Maumee collects all the income taxes associated with the zone and distributes them to Monclova and Toledo. The revenue split is 1/3 each. The 2020 revenue to Monclova was \$935,636.

NOTE 14 – FUND BALANCES

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 143,994	\$ 76,028	\$ 220,022
Total	<u>\$143,994</u>	<u>\$76,028</u>	<u>\$220,022</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPAL

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

NOTE 16 – COVID-19

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

**Monclova Township
Lucas 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	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 2,243,638	\$ 2,593,624	\$ -	\$ -	\$ 4,837,262
Charges for Services	-	174,796	-	-	174,796
Licenses, Permits and Fees	251,211	14,833	-	-	266,044
Intergovernmental	148,228	701,647	-	343,023	1,192,898
Special Assessments	-	851,390	-	-	851,390
Earnings on Investments	208,596	1,915	-	-	210,511
Miscellaneous	15,463	146,390	-	-	161,853
Total Cash Receipts	2,867,136	4,484,595	-	343,023	7,694,754
Cash Disbursements					
Current:					
General Government	877,037	240,000	-	-	1,117,037
Public Safety	1,626	1,956,646	-	-	1,958,272
Public Works	561,996	2,326,907	-	-	2,888,903
Health	94,579	26,148	-	-	120,727
Conservation-Recreation	59,431	-	-	-	59,431
Capital Outlay	19,638	118,349	-	406,423	544,410
Debt Service:					
Principal Retirement	-	70,770	-	-	70,770
Total Cash Disbursements	1,614,307	4,738,820	-	406,423	6,759,550
Excess of Receipts Over (Under) Disbursements	1,252,829	(254,225)	-	(63,400)	935,204
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	-	-	63,400	63,400
Transfers In	-	75,000	-	-	75,000
Transfers Out	(75,000)	-	-	-	(75,000)
Total Other Financing Receipts (Disbursements)	(75,000)	75,000	-	63,400	63,400
Net Change in Fund Cash Balances	1,177,829	(179,225)	-	-	998,604
Fund Cash Balances, January 1	8,978,693	3,566,927	74,878	499,533	13,120,031
Fund Cash Balances, December 31					
Restricted	-	2,677,319	74,878	499,533	3,251,730
Committed	-	710,383	-	-	710,383
Assigned	74,044	-	-	-	74,044
Unassigned	10,082,478	-	-	-	10,082,478
Fund Cash Balances, December 31	\$ 10,156,522	\$ 3,387,702	\$ 74,878	\$ 499,533	\$ 14,118,635

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

Monclova Township
Lucas 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 Monclova Township, Lucas County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection and emergency medical services. The Township contracts with the Lucas County Sheriff's Department for police protection services to the Township.

Public Entity Risk Pool and Economic Development Contracts

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. The Township also participates in a joint venture and economic development contracts with neighboring municipalities, created pursuant to ORC 715. The legislative authorities of the contracting parties have formed districts or zones to develop land for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in those municipalities. These statutorily created entities are governed by independent appointed boards of directors. Notes 6, 11, and 12 to the financial statements provides additional information for these entities.

The Township's management believes these financial statements present all activities for which the Township is finally 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 Funds:

Road and Bridge Fund – The Road and Bridge Fund accounts for and reports property tax money restricted for construction, maintenance, and repair of roads within the Township.

Special Fire Levy Fund – The Special Fire Levy Fund accounts for and reports property tax money restricted for fire department expenses.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had no receipt or disbursement activity in any of the Debt Service Funds in 2019.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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

OPWC – 2013 Resurfacing Fund – The OPWC – 2013 Resurfacing Fund accounts for and reports money restricted for the various road projects within the Township.

Basis of Accounting

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

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

NOTE 3 – BUDGETARY ACTIVITY

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,049,940	\$2,867,136	(\$182,804)
Special Revenue	4,697,375	4,559,595	(137,780)
Capital Projects	58,460	406,423	347,963
Debt Service	0	0	0
Total	<u>\$7,805,775</u>	<u>\$7,833,154</u>	<u>\$27,379</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,499,439	\$1,763,349	\$736,090
Special Revenue	6,336,541	4,840,010	1,496,531
Capital Projects	479,000	406,423	72,577
Debt Service	0	0	0
Total	<u>\$9,314,980</u>	<u>\$7,009,782</u>	<u>\$2,305,198</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

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

Demand deposits	2019 \$5,866,778
Total deposits	5,866,778
STAR Ohio	8,251,857
Total investments	8,251,857
Total Deposits and Investments	\$ 14,118,635

Deposits

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

At December 31, 2019, \$1,003,275 of deposits were not insured or collateralized due to the financial institution having a reduced rate of 50% through the OPCS.

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

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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.

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

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

NOTE 6 – RISK MANAGEMENT

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Township is a member of the Ohio Township Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. 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 actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	2019
Cash and Investments	35,207,320
Actuarial Liabilities	10,519,942

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

The Township's certified full-time Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2019.

Social Security

Several of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

NOTE 8 – POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F 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. 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

NOTE 9 – DEBT

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	<u>\$ 526,071</u>	0%

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

NOTE 9 – DEBT (CONTINUED)

The Ohio Public Works Commission (OPWC) loans are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal payments. The OPWC loans were received to finance improvements to various township roads. The zero interest loans will be repaid in semiannual installments over ten years.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Principal Payments
2020	\$ 39,297
2021	78,595
2022	64,983
2023	64,983
2024	64,983
2025-2030	213,230
Total	<u>\$ 526,071</u>

NOTE 10 – CONTINGENT LIABILITIES

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 11 – JOINT VENTURES

Monclova/Whitehouse Joint Economic Development District (JEDD)

Created in 2010 it is a scattered parcel district with new parcels petitioning to enter the district yearly. The board is made up of five members. Whitehouse appoints one, Monclova Township appoints three and those four members appoint a fifth at large member. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD territory. Per the JEDD contract Whitehouse collects all the income taxes associated with the zone and distributes Monclova Township's share directly which is 75%. The 2019 revenue to Monclova was \$316,775.

Toledo Express Airport Joint Economic Development District (JEDD)

This JEDD was created in 2014 between Monclova Township, Swanton Township, and the City of Toledo. The board is made up of five members. Monclova and Swanton jointly appoint two members, the City of Toledo appoints two members, and those four members appoint a fifth at large member. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD territory. Per the JEDD contract the City of Toledo collects all the income taxes associated with the zone and distributes Monclova Township's share directly which is 1/3 of the quarterly distribution to contracting parties. The 2019 revenue to Monclova was \$51,516.

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

NOTE 12 – ECONOMIC DEVELOPMENT CONTRACTS

Maumee/Monclova/Toledo Joint Economic Development Zone (JEDZ)

This JEDZ was created in 2003 with 550 acres all within Monclova Township. Each member appoints three board members with equal voting rights. Per the JEDZ contract Maumee collects all the income taxes associated with the zone and distributes them to Monclova and Toledo. The revenue split is 1/3 each. The 2019 revenue to Monclova was \$1,003,624.

NOTE 13 – COVID-19

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

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

September 17, 2021

Monclova Township
Lucas County
4335 Albon Road
Monclova, OH 43542
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 for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and the related notes of Monclova Township, Lucas County, (the Township) and have issued our report thereon dated September 17, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Township adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities and removed the fund balance classifications for governmental funds. In addition, we noted the financial impact of COVID-19 and the continuing 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.

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.

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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 a material weakness.

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 •

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 **an** instance of noncompliance or other matters we must report under *Government Auditing Standards* which **is** described in the accompanying schedule of findings as item 2020-002.

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.

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

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

MONCLOVA TOWNSHIP
LUCAS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Administrative Agent and is essential to ensure information provided to the readers of the financial statements is correct. Fund Balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

Receipts, disbursements, and fund balances were not always posted or classified correctly. The following errors were noted:

- A portion of the General Fund balance should have been classified as assigned instead of unassigned and Road and Bridge Fund balance classification was presented as Restricted instead of Committed on the financial statements in 2019;
- Receipts were not classified correctly for the General Fund and Special Revenue Funds in 2020 and 2019;
- Debt proceeds were recorded as other financing sources rather than other debt proceeds in 2019;
- OPWC Grants were recorded as other financing sources rather than intergovernmental revenue in 2019; and
- OPWC Grant activity was not recorded in 2020.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Township has posted all adjustments to its accounting system.

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, expenditures, and fund balances are properly identified and classified on the financial statements. We recommend the Township use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report.

Officials' Response – We did not receive a response from officials for this finding.

MONCLOVA TOWNSHIP
LUCAS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-002

Noncompliance

Ohio Revised Code, § 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

At December 31, 2020 expenditures exceeded appropriations by \$118,566 in the Capital Projects Fund. This was due to the Township not budgeting for the OPWC grant funds paid directly to the vendors on their behalf.

The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the District encountering deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Township to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response – We did not receive a response from officials for this finding.

**MONCLOVA TOWNSHIP
LUCAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Partially Corrected	Included in Finding 2020-001
2018-002	Noncompliance- appropriations exceeding estimated resources	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



MONCLOVA TOWNSHIP

LUCAS 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 1/4/2022

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