

***PULTNEY TOWNSHIP
BELMONT COUNTY, OHIO***

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020





88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Pultney Township
PO Box 225
Bellaire, Ohio 43906

We have reviewed the *Independent Auditor’s Report* of Pultney Township, Belmont County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Repaid Under Audit – Late Fees and Interest

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.

Furthermore, a well-designed system of internal controls should contain procedures to ensure invoices are paid in a timely manner and the amount paid is the most advantageous to the Township. The Township has a credit card with Chase Bank.

During 2021 and 2020, the Township incurred certain late fees and interest charges as follows:

2021 Late Fees	\$198.00	2020 Late Fees	\$156.00
2021 Interest	<u>125.76</u>	2020 Interest	<u>97.83</u>
	\$323.76		\$253.83

The interest was incurred because the Township carried over balances from month to month.

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 Marla Krupnik, Fiscal Officer, and her bonding company, Travelers Casualty and Surety Company of America, in the amount of \$576, and in favor of Pultney Township, Belmont County’s General Fund for \$136, Motor Vehicle License Tax Fund for \$26, Gasoline Tax Fund for \$5, Road and Bridge Fund for \$3 and Corona Virus Relief Fund for \$406.

The Trustees and Fiscal Officer divided this finding for recovery in four equal amounts and each paid \$144.25 by check as of October 13, 2022. Accordingly, we consider this finding fully repaid.

Finding for Recovery Repaid Under Audit – Fiscal Officer Compensation

Ohio Rev. Code § 507.09(A)(4) provides that, in Townships having a budget of more than \$750,000 but not more than \$1,500,000, the Fiscal Officer salary shall be \$18,717. Ohio Rev. Code § 507.09(A)(5) provides that, in Townships having a budget of more than \$1,500,000 but not more than \$3,500,000, the Fiscal Officer salary shall be \$21,836. Ohio Rev. Code § 507.09(B) provides that in calendar year 2019 and in each calendar year thereafter through calendar year 2028, the compensation determined under division (A) of this section shall be increased by one and three-quarters per cent.

Ohio Attorney General Opinion No. 99-015 provides, in part, that “for the purposes of calculating the authorized compensation of the Township Trustees pursuant to Ohio Rev. Code § 505.24, the term ‘budget’ refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate.”

Ohio Constitution, Article II, §20 provides the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

Pultney Township's budget in 2020 was between \$1,500,000 and \$3,500,000. However, the Fiscal Officer applied the legislative increase in January 2020 even though her term did not begin until April 1, 2020. As a result, she was overcompensated \$192.79 between January 1 and March 31, 2020.

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 Fiscal Officer, Marla Krupnik in the amount of \$192 and her bonding company, Travelers Casualty and Surety Company of America, and in favor of Pultney Township's General Fund in the amount of \$192.

On September 26, 2022, Marla Krupnik paid \$192 by check to the Township. Accordingly, we consider this finding fully repaid.

Finding for Recovery Resolved Under Audit – Trustee Compensation

Ohio Rev. Code §505.24(A)(4) provides that, in Townships having a budget of more than \$750,000 but not more than \$1,500,000, the compensation of the Township Trustees shall be \$56.71 per day for no more than 200 days per year. Ohio Rev. Code §505.24(A)(5) provides that, in Townships having a budget of more than \$1,500,000 but not more than \$3,500,000, the compensation of the Township Trustees shall be \$62.39 per day for no more than 200 days per year. Further, Ohio Rev. Code § 505.24(B) provides that in calendar year 2019 and in each calendar year thereafter through calendar year 2028, the amounts paid as specified in division (A) of this section shall be increased by one and three-quarters per cent.

Ohio Attorney General Opinion No. 99-015 provides, in part, that “for the purposes of calculating the authorized compensation of the Township Trustees pursuant to Ohio Rev. Code § 505.24, the term ‘budget’ refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate.”

Board of Trustees
Pultney Township
PO Box 225
Bellaire, Ohio 43906
Page -3-

Ohio Constitution, Article II, §20 provides the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

Pultney Township's budget in 2021 was between \$1,500,000 and \$3,500,000 for January through November and increased to between \$3,500,000 and \$6,000,000 for December due to obtaining an Amended Certificate of Estimated Resources approved by County Budget Commission. Trustee Frank Shaffer was elected on November 4, 2017 for the term beginning January 1, 2018 through December 31, 2021 and, therefore, should have received a total salary of \$12,572.50 in 2021; however, he was paid \$13,243.58 resulting in an overpayment of \$671.08.

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 Trustee Frank Shaffer in the amount of \$671 and his bonding company, Travelers Casualty and Surety Company of America, and in favor of Pultney Township's General Fund in the amount of \$67, the Motor Vehicle License Tax Fund in the amount of \$235 and the Gasoline Tax Fund in the amount of \$369.

On October 13, 2022, Trustee Frank Shaffer entered into a Settlement Agreement / Repayment Plan with Pultney Township to repay the above finding amount of \$671.

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. Pultney Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

November 30, 2022

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PULTNEY TOWNSHIP
BELMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report – 2021	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2021	4
Notes to the Financial Statements – 2021	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> – 2021	13
Independent Auditor's Report – 2020	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2020	17
Notes to the Financial Statements – 2020.....	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> – 2020	26
Schedule of Findings.....	28
Corrective Action Plan (Prepared by Management)	32
Summary Schedule of Prior Audit Findings (Prepared by Management).....	33

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INDEPENDENT AUDITOR'S REPORT

Pultney Township
Belmont County
P.O. Box 225
Bellaire, Ohio 43906

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Pultney Township, Belmont County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position, thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
October 15, 2022

Pultney Township
Belmont County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 14,564	\$ 1,095,134	\$ -	\$ 1,109,698
Licenses, Permits and Fees	35,813	-	-	35,813
Intergovernmental	47,477	2,111,285	-	2,158,762
Earnings on Investments	4,758	-	2,614	7,372
Miscellaneous	40,230	4,351	-	44,581
Total Cash Receipts	142,842	3,210,770	2,614	3,356,226
Cash Disbursements				
Current:				
General Government	134,007	206,901	-	340,908
Public Safety	-	200,818	-	200,818
Public Works	-	1,270,649	-	1,270,649
Human Services	-	5,784	-	5,784
Capital Outlay	-	3,972	-	3,972
Debt Service:				
Principal Retirement	-	19,943	-	19,943
Interest and Fiscal Charges	-	2,239	-	2,239
Total Cash Disbursements	134,007	1,710,306	-	1,844,313
Excess of Receipts Over (Under) Disbursements	8,835	1,500,464	2,614	1,511,913
Fund Cash Balances, January 1	97,298	1,023,268	58,758	1,179,324
Fund Cash Balances, December 31	<u>\$ 106,133</u>	<u>\$ 2,523,732</u>	<u>\$ 61,372</u>	<u>\$ 2,691,237</u>

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

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Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pultney Township, Belmont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Neffs and Spirit of 76 Volunteer Fire Departments to provide fire services and ambulance services.

Public Entity Risk Pools

The Township participates in a public entity risk pool, Note 6 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, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

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

Road and Bridge Fund The road and bridge fund accounts for and reports property tax monies to pay for constructing, maintaining, and repairing township road and bridges.

Federal Emergency Management Fund (FEMA) – The fund receives money from FEMA to pay for expenditures to combat the COVID Virus.

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

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Fiduciary Funds Fiduciary funds include custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for road bonds received to cover damages that may potentially affect the Township's roads.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 (C) 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 2021 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.

The Township values common stock at fair value when donated.

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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 11.

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 73,964	\$ 142,842	\$ 68,878
Special Revenue	2,764,946	3,210,770	445,824
Permanent	-	2,614	2,614

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 170,061	\$ 144,007	\$ 26,054
Special Revenue	3,968,876	2,040,453	1,928,423
Permanent	58,758	-	58,758

Contrary to Ohio Revised Code Section 5705.39, appropriations for the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Fire Levy, Ambulance and Emergency, and Federal Emergency Management Agency (FEMA) funds, exceeded estimated resources.

Contrary to Ohio Revised Code Section 5705.41(D), funds were not properly certified prior to commitment to expend the funds.

Note 4 – 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:

	2021
Cash Management Pool:	
Demand deposits	\$ 2,689,257
Total deposits	2,689,257
Common stock (at cost, fair value was \$268,013 at December 31, 2021)	1,980
Total investments	1,980
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$ 2,691,237

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$3,838 in unremitted employee payroll withholdings.

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (Continued)

Deposits

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

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

Public Entities Risk Pool: 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:

	2021
Cash and Investments	\$ 34,880,599
Actuarial Liabilities	\$ 10,601,444

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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, 2021.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
General Obligation Bonds 2014 Truck	\$ 10,900	4%
John Deere Tractor	44,745	0%
USDA Backhoe and Pickup	44,700	4%
Total	\$ 100,345	

The Township issued general obligation bonds in the amount of \$32,000 in 2014 to finance the purchase of a truck for Township road maintenance. The Township's taxing authority collateralizes the bonds. This is paid from the Road & Bridge Fund.

In 2015, the Township entered into an agreement with the Director of Development Services Agency of the State of Ohio for the amount of \$99,432 to purchase a John Deere Tractor and additional equipment to be used for Township road maintenance. There is a 12-month grace period after disbursement of funds before repayment begins. It will repaid quarterly in the amount of \$2,486.

The Township issued general obligation bonds in the amount of \$70,000 in 2017 to finance the purchase of a backhoe and truck for Township road maintenance. The Township's taxing authority collateralizes the bonds. This is paid from the Road & Bridge Fund.

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (Continued)

Amortization

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

Year Ending December 31:	General Obligation Bonds 2014 Truck	John Deere Tractor	USDA Backhoe and Pickup
2022	\$ 3,936	\$ 9,943	\$ 8,353
2023	3,896	9,943	8,329
2024	3,952	9,943	8,298
2025	-	9,943	8,361
2026	-	4,973	8,314
2027-2029	-	-	8,260
Total	<u>\$ 11,784</u>	<u>\$ 44,745</u>	<u>\$ 49,915</u>

Note 10 – Contingent Liabilities

Management believes there are no significant pending claims or lawsuits.

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. 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:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 200	\$ 200
Outstanding Encumbrances	10,000	330,147	-	340,147
Total	<u>\$ 10,000</u>	<u>\$ 330,147</u>	<u>\$ 200</u>	<u>\$ 340,347</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Township did not receive any CARES Act funding.

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

Pultney Township
Belmont County
P.O. Box 225
Bellaire, Ohio 43906

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type of Pultney Township, Belmont County, (the Township) as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2021-003 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001 and 2021-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2021-001.

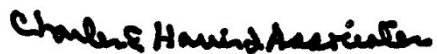
We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 15, 2022.

Township's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying corrective action plan. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
October 15, 2022

INDEPENDENT AUDITOR'S REPORT

Pultney Township
Belmont County
P.O. Box 225
Bellaire, Ohio 43906

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 and fiduciary fund type as of and for the year ended December 31, 2020 and related notes of Pultney Township, Belmont 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(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), 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(C) 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 the respective changes in financial position thereof for the year 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 and fiduciary fund type as of and for the year ended December 31, 2020 and related notes of Pultney Township, Belmont County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.


Emphasis of Matters

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

As discussed in Note 14 to the financial statements, the Township made several changes to its reporting model. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 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.



Charles E. Harris & Associates, Inc.

October 15, 2022

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

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 14,444	\$ 1,044,558	\$ -	\$ 1,059,002
Licenses, Permits and Fees	21,429	-	-	21,429
Intergovernmental	48,931	783,437	-	832,368
Earnings on Investments	11,294	-	2,423	13,717
Miscellaneous	11,010	63,535	200	74,745
Total Cash Receipts	107,108	1,891,530	2,623	2,001,261
Cash Disbursements				
Current:				
General Government	124,614	321,493	-	446,107
Public Safety	-	254,086	-	254,086
Public Works	-	1,027,038	-	1,027,038
Human Services	-	123,302	-	123,302
Capital Outlay	-	129,702	-	129,702
Debt Service:				
Principal Retirement	-	19,643	-	19,643
Interest and Fiscal Charges	-	2,579	-	2,579
Total Cash Disbursements	124,614	1,877,843	-	2,002,457
Excess of Receipts Over (Under) Disbursements	(17,506)	13,687	2,623	(1,196)
Fund Cash Balances, January 1, restated	114,804	1,009,581	56,135	1,180,520
Fund Cash Balances, December 31	<u>\$ 97,298</u>	<u>\$ 1,023,268</u>	<u>\$ 58,758</u>	<u>\$ 1,179,324</u>

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

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Pultney Township
Belmont 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 the Pultney Township, Belmont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Neffs and Spirit of 76 Volunteer Fire Departments to provide fire services and ambulance services.

Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 6 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, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

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

Road and Bridge Fund The road and bridge fund accounts for and reports property tax monies to pay for constructing, maintaining, and repairing township road and bridges.

Fire Levy Fund The fund receives property tax monies to provide fire protection to Township residents.

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

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Fiduciary Funds Fiduciary funds include custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for road bonds received to cover damages that may potentially affect the Township's roads.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 (C) 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.

The Township values common stock at fair value when donated.

Pultney Township
Belmont 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 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 12.

Note 3 – Compliance

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority in the Federal Emergency Management Agency (FEMA) Fund.

Contrary to Ohio Revised Code Section 5705.39, appropriations for the Road and Bridge, Fire Levy, Ambulance and Emergency, and FEMA Funds exceeded estimated resources.

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Compliance (Continued)

Contrary to Ohio Revised Code Section 5705.41(D), funds were not properly certified prior to commitment to expend the funds.

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	\$ 54,288	\$ 107,108	\$ 52,820
Special Revenue	1,424,557	1,891,530	466,973
Permanent	-	2,623	2,623

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 164,625	\$ 134,834	\$ 29,791
Special Revenue	2,780,378	2,174,433	605,945
Permanent	56,135	-	56,135

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
Cash Management Pool:	
Demand deposits	\$ 1,177,344
Total deposits	1,177,344
Common stock (at cost, fair value was \$215,622 at December 31, 2020)	1,980
Total investments	1,980
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$ 1,179,324

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits

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

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Public Entities Risk Pool: 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:

	2020
Cash and Investments	\$ 36,348,066
Actuarial Liabilities	\$ 10,894,146

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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.

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – 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 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.

Note 10 – Debt

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

	Principal	Interest Rate
General Obligation Bonds 2014 Truck	\$ 14,300	4%
John Deere Tractor	54,688	0%
USDA Backhoe and Pickup	51,300	4%
Total	\$ 120,288	

The Township issued general obligation bonds in the amount of \$32,000 in 2014 to finance the purchase of a truck for Township road maintenance. The Township’s taxing authority collateralizes the bonds. This is paid from the Road & Bridge Fund.

In 2015, the Township entered into an agreement with the Director of Development Services Agency of the State of Ohio for the amount of \$99,432 to purchase a John Deere Tractor and additional equipment to be used for Township road maintenance. There is a 12-month grace period after disbursement of funds before repayment begins. It will be repaid quarterly in the amount of \$2,486.

The Township issued general obligation bonds in the amount of \$70,000 in 2017 to finance the purchase of a backhoe and truck for Township road maintenance. The Township’s taxing authority collateralizes the bonds. This is paid from the Road & Bridge Fund.

Amortization

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

	General Obligation Bonds 2014 Truck	John Deere Tractor	USDA Backhoe and Pickup
Year Ending December 31:			
2021	\$ 3,972	\$ 9,943	\$ 8,267
2022	3,936	9,943	8,353
2023	3,896	9,943	8,329
2024	3,952	9,943	8,298
2025	-	9,943	8,361
2026-2029	-	4,973	16,574
Total	\$ 15,756	\$ 54,688	\$ 58,182

Note 11 – Contingent Liabilities

Management believes there are no significant pending claims or lawsuits.

Pultney Township
Belmont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. 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:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 200	\$ 200
Outstanding Encumbrances	10,220	296,590	-	306,810
Total	<u>\$ 10,220</u>	<u>\$ 296,590</u>	<u>\$ 200</u>	<u>\$ 307,010</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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.

During 2020, the Township received CARES Act funding. Of the amounts received, \$84,000 was sub-granted to other governments and organizations. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 14 – Change in Accounting Principles

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, 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.

The result of this change was a decrease in the January 1, 2020 Fiduciary fund balance of \$1,085 and an increase of the Special Revenue fund balance of \$1,085.

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

Pultney Township
Belmont County
P.O. Box 225
Bellaire, Ohio 43906

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental and fiduciary fund type of Pultney Township, Belmont County, Ohio (the Township), as of and for the year ended December 31, 2020 and the related notes to the financial statements and have issued our report thereon dated October 15, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township and several changes to its reporting model.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2021-003, described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2021-001, described in the accompanying schedule of findings to be a significant deficiency.

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 determination of financial statement amounts. 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 matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2021-001.

We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 15, 2022.

Township's Responses to Findings

The Township's responses to the findings identified in our audit is described in the accompanying Corrective Action Plan. 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.



Charles E. Harris & Associates, Inc.
October 15, 2022

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding 2021-001 - Significant Deficiency/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 5705.39 stating that total appropriations from each fund shall not exceed the total estimated resources in the General, Motor Vehicle License Tax, Gasoline Tax, Road & Bridge, Fire Levy, Ambulance and Emergency, and FEMA funds for 2021 and in the Road & Bridge, Fire Levy, Ambulance and Emergency, and FEMA funds for 2020.
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations) in the FEMA fund in 2020.
- 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 72% and 63% of the expenditures tested for 2021 and 2020, respectively.

In addition, The Township did not have a control procedure in place to ensure that appropriations, as authorized by the County Auditor, were reconciled to the appropriations posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. The budgetary footnote reflects all adjustments. We recommend the Township implement procedures to ensure appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the County Auditor after each amendment.

The 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. 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 – See Corrective Action Plan.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding 2021-002 – Significant Deficiency

Vacation and Sick Leave Balance Payout and Tracking

The Township adopted a sick leave policy stating each full-time employee shall receive 8 hours of sick leave per month to be credited at the end of each month. The maximum accumulation of the sick leave will be 640 hours. At time of resignation or retirement the employee is entitled to be paid for half of the sick leave balance up to a maximum of 320 hours.

The Township adopted a sick leave policy stated each full time employee will receive vacation time based on years of service with the Township. The policy states vacation will not be carried forward and must be used to the calendar year. At separation of employment, any unused vacation balance for that year will be paid to the employee.

A Township employee retired in April 2021. The Board of Trustees voted to approve the payout of 480 sick leave hours and 400 vacation hours to the employee upon retirement. The employee used 160 hours before retiring so a total payout was made on April 27, 2021 for the 720 hours of leave or \$16,797.60. This leave payout was in excess of the Township's leave policies.

The employees leave was not adequately tracked in the Township's UAN system. Leave accrued or used was not updated so accurate ending balances of leave included in the UAN system could not be relied on.

We recommend the Township should follow their leave policies concerning the maximum of leave to be accrued and paid out at the time of separation from the Township. Further, we recommend the Township adequately tracks leave time accrual and usage. This matter has been referred to the Ohio Auditor of State.

Management's Response – See Corrective Action Plan.

FINDING 2021-003 - Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Township's activity. The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements and notes to the financial statements. During 2021 and 2020 receipts were not always posted or classified correctly. During 2021 and 2020, funds were not properly classified. The following errors were noted:

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING 2021-003 - Material Weakness (Continued)

Financial Reporting (Continued)

For 2021:

- Reclassification in the Road and Bridge Fund and Gasoline Tax Fund to properly show debt paid.
- Reclassification in the General Fund, Road and Bridge Fund, Fire Levy Fund, and Ambulance and Emergency Fund to properly record Real Estate Settlement Taxes.
- Reclassification in the General Fund, Road and Bridge Fund, Fire Levy Fund, and Ambulance and Emergency Fund, for rollbacks.
- Reclassification in the General Fund for miscellaneous receipts and refunds received.
- Reclassification in the General Fund and Road and Bridge Fund for culvert receipts received.
- Reclassification in the General Fund for royalty receipts received.
- Reclassification in the Motor Vehicle Fund for Permissive Motor Vehicle License Tax receipts received and posting errors.
- Reclassification in the Road and Bridge Fund for a miscellaneous receipt received.
- Reclassification in the Fire Levy Fund for fire protection services.
- Reclassification in the FEMA Fund for road work disbursements.
- Reclassification in the Ambulance and Emergency Fund for emergency medical services.
- The Hinkle Filing beginning balance for the Coronavirus Relief Fund did not match the 2020 accounting system ending balance due to a fund balance adjustment performed in 2021. In order to get the 2021 ending fund balance in Hinkle to match the accounting system, expenditures were added to the Coronavirus Relief Fund on the Hinkle filing.

For 2020:

- Reclassification in the Road and Bridge Fund and Gasoline Tax Fund to properly show debt paid.
- Reclassification in the General Fund, Road and Bridge Fund, Fire Levy Fund, and Ambulance and Emergency Fund to properly record Real Estate Settlement Taxes.
- Reclassification in the General Fund, Road and Bridge Fund, Fire Levy Fund, and Ambulance and Emergency Fund to properly record Manufactured Home Settlement Taxes.
- Reclassification in the General Fund and Motor Vehicle Fund for a motor vehicle license tax received.
- Reclassification in the General Fund and Coronavirus Relief Fund for a receipt received.
- Reclassification in the General Fund for cable franchise fees received.
- Reclassification in the General Fund for a miscellaneous refunds received.
- Reclassification in the General Fund and Coronavirus Relief Fund for a receipt received.
- Reclassification in the General Fund for a liquor permit receipt received.
- Reclassification in the Motor Vehicle License Fund and General Fund for a local government receipt received.
- Reclassification in the Motor Vehicle Fund for Permissive Motor Vehicle License Tax receipts received.
- Reclassification in the Gasoline Tax Fund for a reimbursement received.
- Reclassification in the Gasoline Tax Fund for a gasoline tax receipt received.
- Reclassification in the General Fund, Road and Bridge Fund, Fire Levy Fund, Ambulance and Emergency Fund, for rollbacks.
- An adjustment to increase the General Fund, Road and Bridge Fund, Fire Levy Fund and Ambulance and Emergency Fund, to gross up Real Estate monies received. Receipt was recorded at net.
- Reclassification in the FEMA Fund for a reimbursement received.

PULTNEY TOWNSHIP
BELMONT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING 2021-003 - Material Weakness (Continued)

Financial Reporting (Continued)

- Reclassification in the Fire Levy Fund for fire protection services.
- Reclassification in the FEMA Fund for road work disbursements.
- Reclassification in the Ambulance and Emergency Fund for emergency medical services.
- Reclassifications in the Coronavirus Relief Fund for alterations to buildings, improvement of sites, equipment, and motor vehicles.

Not posting receipts and making fund classifications accurately resulted in the financial statements requiring reclassification entries. The financial statements and Township's records reflect all reclassifications.

Also, during 2021 and 2020, aspects of the notes to the financial statements were corrected from the Hinkle filing to include all necessary note disclosures and accurate information. We made corrections to the:

- Budgetary Tables
- Deposit Disclosure
- Debt Disclosure
- Risk Management
- Fund Accounting
- Change in Accounting Principles

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

We recommend the Fiscal Officer refer to the Ohio Township Handbook, Uniform Accounting Network (UAN) Manual and other Auditor of State guidance to determine the proper establishment of receipt and disbursement accounts and proper posting. We recommend the Township use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

Management's Response – See Corrective Action Plan.

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2021-001	The Fiscal Officer will reconcile the appropriations approved by Council to the appropriations posted to the accounting system and will review Ohio Revised Code Section 5705 to ensure compliance with applicable sections.	Immediately	Marla Krupnik – Fiscal Officer
2021-002	The Fiscal Officer will review the minutes' records from previous years to search out the adoption of Township Polices. The Township will review the current leave policy and adopt updated policies for the Township to follow.	Immediately	Marla Krupnik – Fiscal Officer
2021-003	The Fiscal Officer will consult the Ohio Township Handbook for proper posting of receipts and disbursements. Will also have the Board of Trustees perform a detailed review of the draft financial statements and notes before filing them on the Hinkle System.	Immediately	Marla Krupnik – Fiscal Officer

**PULTNEY TOWNSHIP
BELMONT COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	ORC 5705.39 Appropriations exceeding estimated resources	Not Corrected	N/A
2019-002	ORC 5705.41 (D) expenditures made prior to certification	Not Corrected	N/A
2019-003	Material Weakness Reclassifications of receipt and disbursements	Not Corrected	N/A
2019-004	Material Weakness Budgetary Postings	Not Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



PULTNEY TOWNSHIP

BELMONT 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 12/13/2022

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