

ORANGE TOWNSHIP
MEIGS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Orange Township
42455 Woods Rd
Coolville, OH 45723

We have reviewed the *Independent Auditor's Report* of the Orange Township, Meigs County, prepared by Millhuff-Stang, CPA, 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.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 23, 2023

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Orange Township
Meigs County
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For the Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
Orange Township
Meigs County
42455 Woods Road
Coolville, Ohio 45723

Report on the Audit of the Financial Statements

Adverse and Qualified Opinions

We have audited the financial statements of Orange Township, Meigs County, Ohio (the Township) which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

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 and 2020, or the changes in financial position thereof for the years then ended.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter discussed in the *Basis for Additional Opinion Qualification* section of our report, the accompanying 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 years ended December 31, 2021 and 2020, and the related notes of Orange Township, Meigs 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.

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 the 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.

Basis for Additional Opinion Qualification

The Fiscal Officer did not complete payroll certifications when salaries were paid from funds other than the general fund for 2017 and 2016, as well as 2015 and 2014. Had these posting errors been properly posted to the financial statements and the accounting system, the general fund cash fund balance would have decreased \$77,380, and the gasoline tax fund and motor vehicle license tax fund cash fund balances would have increased \$67,479 and \$9,901, respectively. Due to the impact these adjustments would have on the general fund the Township declined to make these adjustments in this audit period.

Emphasis of Matters

As discussed in note 13 to the financial statements, 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 this matter.

As discussed in note 14 to the financial statements, the Township has suffered recurring losses, and has unposted audit adjustments that will have a significant negative impact the general fund. Note 14 describes management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on the financial statements.

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.

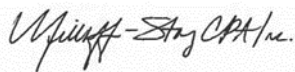
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- 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 January 20, 2023, 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.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 20, 2023

Orange Township
Meigs County
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	Combined Total
Cash Receipts:			
Property and Other Local Taxes	\$21,670	\$137,337	\$159,007
Intergovernmental	25,247	222,697	247,944
Earnings on Investments	280	89	369
Miscellaneous	1,337	1	1,338
<i>Total Cash Receipts</i>	48,534	360,124	408,658
Cash Disbursements:			
<i>Current:</i>			
General Government	30,345	4,972	35,317
Public Safety	0	107,510	107,510
Public Works	40,418	174,712	215,130
Capital Outlay	8,000	93,646	101,646
<i>Debt Service:</i>			
Redemption of Principal	0	16,060	16,060
Interest and Other Fiscal Charges	0	3,568	3,568
<i>Total Cash Disbursements</i>	78,763	400,468	479,231
<i>Total Cash Receipts Under Cash Disbursements</i>	(30,229)	(40,344)	(70,573)
Other Financing Receipts:			
Other Debt Proceeds	0	90,338	90,338
<i>Total Other Financing Receipts</i>	0	90,338	90,338
<i>Net Change in Fund Cash Balances</i>	(30,229)	49,994	19,765
<i>Fund Cash Balances, January 1</i>	19,434	73,661	93,095
<i>Fund (Deficit) Cash Balances, December 31</i>	(\$10,795)	\$123,655	\$112,860

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

Orange Township
Meigs 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 Orange Township, Meigs County, Ohio (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 and fire protection. The Township contracts with the Tupper Plains Fire Department to provide fire protection services.

Public Entity Risk Pool

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists 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:

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

Gasoline Tax Fund – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Fire Levy Fund – This fund receives property tax money to provide fire protection.

Basis of Accounting

This financial statement follows 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 Township 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).

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2021

This statement includes 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. Appropriations lapse at year-end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in note 4.

Deposits

All cash assets of the Township are maintained in interest-bearing checking accounts.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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.

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 law, the Township did not adopt appropriations prior to incurring expenditures and could not provide evidence that appropriations were filed with the County Auditor thereby rendering them ineffective.

Contrary to Ohio law, expenditures exceeded appropriations in the various funds at December 31, 2021.

Per State ex. Rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), expenditures made by a governmental unit should serve a public purpose. During 2021, the Township incurred late fees, interest and penalties, and sales tax assessments, which are not deemed appropriate expenditures of public funds.

The Township incurred debt that is not allowable per Ohio Revised Code Chapter 133.

Contrary to Ohio law, the Township had a fund deficit cash balance in the general fund at December 31, 2021.

Note 4 - Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,000	\$48,534	\$4,534
Special Revenue	375,571	450,462	74,891
Total	<u>\$419,571</u>	<u>\$498,996</u>	<u>\$79,425</u>

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$78,763	(\$78,763)
Special Revenue	0	400,468	(400,468)
Total	<u>\$0</u>	<u>\$479,231</u>	<u>(\$479,231)</u>

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 - Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2021 was as follows:

Demand deposits \$112,860

Deposits are insured by the Federal Depository Insurance Corporation.

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 statement includes 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 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Social Security

The Township had one official who contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Officials contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participant's gross salary. The Township has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

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

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 - Risk Management

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.

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

Note 10 - Debt

Debt outstanding at December 31, 2021 was as follow:

	Principal	Interest Rate
Tractor Loan	\$6,671	3.75%
Garage Loan	95,165	4.00%
Tractor Loan	62,199	4.25%
Total	<u>\$164,035</u>	

During 2016, the Township obtained a loan through Farmers Bank and Savings Company to finance the purchase of a tractor. The purchased tractor collateralized the loan. During 2020, the Township obtained a loan through Farmers Bank and Savings Company to finance the construction of a garage. The garage collateralized the loan. During 2021, the Township obtained a loan through Farmers Bank and Savings Company to finance the purchase of a tractor. The purchased tractor collateralized the loan.

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending December 31:	Tractor Loan	Garage Loan	Tractor Loan
2022	\$6,324	\$7,366	\$7,846
2023	369	7,366	7,846
2024	0	7,366	7,846
2025	0	7,366	7,846
2026	0	7,366	7,846
2027-2031	0	36,828	39,231
2032-2036	0	36,828	0
2037-2040	0	29,462	0
Total	\$6,693	\$139,948	\$78,461

Note 11 – Contingent Liabilities

Grants

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. 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.

Litigation

The Township is not currently party to legal proceedings.

Note 12 – Fund Balances

The fund balance of special revenue funds is either restricted or committed.

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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. 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.

The Township received \$54,576 in funding in 2021. The Township did not sub-grant funds to other governments and organization, nor were funds returned to the granting agency or spent on-behalf of other governments.

Note 14 – Going Concern

At December 31, 2021, the Township's general fund had a fund deficit cash balance of \$10,795. The Township also has unposted findings for adjustment totaling \$77,380 against the general fund in favor of restricted funds. If the Township posted the findings for adjustment, the general fund would have a deficit fund cash balance of \$88,175. The Township officials are taking steps to adopt budgets to ameliorate the low balance and stabilize the general fund.

Orange Township
Meigs 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	Combined Total
Cash Receipts:			
Property and Other Local Taxes	\$20,865	\$132,186	\$153,051
Intergovernmental	25,638	231,174	256,812
Earnings on Investments	456	413	869
Miscellaneous	5,586	24,095	29,681
<i>Total Cash Receipts</i>	52,545	387,868	440,413
Cash Disbursements:			
<i>Current:</i>			
General Government	21,974	59,151	81,125
Public Safety	0	72,544	72,544
Public Works	15,407	230,830	246,237
Capital Outlay	1,060	90,887	91,947
<i>Debt Service:</i>			
Redemption of Principal	0	16,468	16,468
Interest and Other Fiscal Charges	0	980	980
<i>Total Cash Disbursements</i>	38,441	470,860	509,301
<i>Total Cash Receipts Over (Under) Cash Disbursements</i>	14,104	(82,992)	(68,888)
Other Financing Receipts:			
Other Debt Proceeds	0	72,135	72,135
<i>Total Other Financing Receipts</i>	0	72,135	72,135
Net Changes in Fund Cash Balances	14,104	(10,857)	3,247
Fund Cash Balances, January 1	5,330	84,518	89,848
Fund Cash Balances, December 31	\$19,434	\$73,661	\$93,095

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

Orange Township
Meigs 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 Orange Township, Meigs County, Ohio (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 and fire protection. The Township contracts with the Tupper Plains Fire Department to provide fire protection services.

Public Entity Risk Pool

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statement consists 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:

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

Gasoline Tax Fund – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Fire Levy Fund – This fund receives property tax money to provide fire protection.

Basis of Accounting

This financial statement follows 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 Township 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).

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

This statement includes 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. Appropriations lapse at year-end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 4.

Deposits

All cash assets of the Township are maintained in interest-bearing checking accounts.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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.

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 law, the Township did not adopt appropriations prior to incurring expenditures.

Contrary to Ohio law, appropriations exceeded estimated resources in the general fund at December 31, 2020.

Contrary to Ohio law, expenditures exceeded appropriations in various funds at December 31, 2020.

Per State ex. Rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), expenditures made by a governmental unit should serve a public purpose. During 2020, the Township incurred late fees, interest and penalties, and sales tax assessments, which are not deemed appropriate expenditures of public funds.

The Township incurred debt that is not allowable per Ohio Revised Code Chapter 133.

Note 4 - Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,241	\$52,545	\$9,304
Special Revenue	299,732	460,003	160,271
Total	\$342,973	\$512,548	\$169,575

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,100	\$38,441	\$16,659
Special Revenue	329,920	470,860	(140,940)
Total	\$385,020	\$509,301	(\$124,281)

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 - Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2020 was as follows:

Demand deposits \$93,095

Deposits are insured by the Federal Depository Insurance Corporation.

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 statement includes 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 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

The Township had one official who contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 8 - Postemployment Benefits

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

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 - Risk Management

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.

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 10 - Debt

Debt outstanding at December 31, 2020 was as follow:

	Principal	Interest Rate
Tractor Loan	\$17,622	3.75%
Garage Loan	72,135	4.00%
Total	<u>\$89,757</u>	

During 2016, the Township obtained a loan through Farmers Bank and Savings Company to finance the purchase of a tractor. The purchased tractor collateralized the loan. During 2019, the Township obtained a loan through Farmers Bank and Savings Company to finance the purchase of a Tiger Model 22-170H ditch cleaner. The purchased ditch cleaner collateralized the loan. This loan was paid off during 2020. During 2020, the Township obtained a loan through Farmers Bank and Savings Company to finance the construction of a garage. The garage will collateralize the loan. As of December 31, 2020, \$72,135 of the \$100,274 loan had been drawn.

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization

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

Year Ending December 31:	Tractor Loan	Garage Loan
2021	\$6,324	\$7,366
2022	6,324	7,366
2023	6,324	7,366
2024	0	7,366
2025	0	7,366
2026-2030	0	36,828
2031-2035	0	36,828
2036-2040	0	36,828
Total	\$18,972	\$147,314

Note 11 – Contingent Liabilities

Grants

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. 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.

Litigation

The Township is not currently party to legal proceedings.

Note 12 – Fund Balances

The fund balance of special revenue funds is either restricted or committed.

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. 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 in the amount of \$67,266. Of the amounts received, \$40,450 was sub-granted to other governments. These amounts are reflected as general government expenditures in the coronavirus relief special revenue fund in the accompanying financial statement. The remaining funds were spent primarily on supplies and improvements and equipment necessary to address the pandemic. These amounts have also been reflected as general government expenditures in the coronavirus relief special revenue fund in the accompanying financial statement.

Note 14 – Going Concern

At December 31, 2020, the Township’s general fund had a fund cash balance of \$19,434. However, the Township has unposted findings for adjustment totaling \$77,380 against the general fund in favor of restricted funds. If the

Orange Township
Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Township posted the findings for adjustment, the general fund would have a deficit fund cash balance of \$57,946. The Township officials are taking steps to adopt budgets to ameliorate the low balance and stabilize the general fund.

Note 15 – Subsequent Events

In 2021, the Township issued a loan in the amount of \$62,199 to purchase a tractor. The Township also drew down the remainder of the loan proceeds on the 2020 garage loan.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
Orange Township
Meigs County
42455 Woods Road
Coolville, Ohio 45723

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 Orange Township, Meigs County (the Township) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated January 20, 2023, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit. We also qualified our opinion on the fund cash balances of the general fund and special revenue funds because the Township declined to fully adjust its financial statements and accounting records for prior audit findings for adjustments. Additionally, we noted there is uncertainty about the Township's ability to continue as a going concern and that the financial impact of COVID-19 and the ensuing emergency measures will 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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, 2021-004, 2021-006, 2021-008, 2021-009, and 2021-011 that we consider to be material weaknesses.

Orange Township
Meigs County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

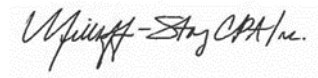
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-003, 2021-005 through 2021-007, 2021-010, and 2021-012.

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 schedule of findings and responses. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 20, 2023

Orange Township
Meigs County
Schedule of Findings and Responses
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 Number 2021-001

Material Weakness – Financial Reporting

A monitoring system by the Township should be in place to prevent or detect misstatements for the fair presentation of the Township’s financial statements. During the course of testing, we noted various misstatements within the financial statements. These misstatements included the following:

- Transactions cleared the Township’s bank account in December 2020 and 2021 but were not posted to the accounting system until 2021 and 2022, respectively.
- Property taxes were reported net of fees and, in instances, were posted to incorrect funds.
- Certain grants and state distributions were posted to incorrect funds and revenue classifications.
- Bureau of Workers Compensation rebates were misclassified.
- Debt activity was misclassified and new issuances and related outlays were unrecorded.
- Certain gasoline tax fund expenditures were misclassified as human services.
- Certain capital outlay expenditures were misclassified.
- Allocation methodologies could not be provided for certain expenditure allocations to special funds.
- FEMA reimbursements from the FEMA fund to other funds were not properly classified per Auditor of State technical bulletin guidance and in certain instances, fund allocations of reimbursements could not be supported.

Additionally, several changes were required in order to fairly present note disclosures for each year.

These misstatements, misclassifications, and errors in disclosures were corrected in the accompanying financial statements.

In addition to the errors noted above, we noted that adjustments identified in the previous audit remain unposted due to financial constraints on the general fund. Accordingly, these adjustments are not reflected in the accompanying financial statements.

We recommend the Township implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and related notes.

Township Response:

The Township chose not to respond.

Finding Number 2021-002

Material Weakness – Budgetary Information Within Accounting System

Accurate budgetary information within the Township’s accounting system is pertinent to ensure that the Township has accurate and complete information for decision-making processes. Budgetary information entered into the accounting system did not match amounts per the certificate of estimated resources and per appropriation measures for both 2020 and 2021. Further, the 2020 beginning balances per the Township’s accounting system did not agree to beginning balances per the certificate of estimated resources. This difference was due to audit adjustments recorded. There was no indication that an amended certificate was filed to reflect these revisions.

Orange Township
Meigs County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-002 (Continued)

Material Weakness – Budgetary Information Within Accounting System (Continued)

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board and filed with the County. The Township should then monitor budget versus actual reports to help ensure amendments to estimates resources and appropriations have been properly posted to the ledgers. Lastly, when adjustments are made between funds, amended certificates should be considered to adjust cash balances for such modifications.

Township Response:

The Township chose not to respond.

Finding Number 2021-003

Noncompliance Citation – Ohio Revised Code Section 5705.41(B)

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. For 2020 and 2021, the Township had several funds for which expenditures were in excess of appropriations. Additionally, we noted that the Township had expenditures prior to the adoption of appropriations for both years and that the Township failed to file its 2021 annual appropriations with the County Auditor thereby rendering them ineffective. The Township should adopt additional monitoring procedures, such as a comparison of expenditures with appropriations on a monthly basis. When there is an indication that appropriations may not be sufficient to cover obligations, the Township should modify its appropriations measures as appropriate. The Fiscal Officer should deny requests for payment when appropriations are not available. Further, the Township should ensure that appropriations are adopted timely and that payments are not made prior to adoption.

Township Response:

The Township chose not to respond.

Finding Number 2021-004

Material Weakness – Board Meeting Minutes

Ohio Revised Code Section 121.22(H) states that a resolution, rule, or formal action of any kind is invalid unless adopted in an open meeting of the public body. A resolution, rule, or formal action adopted in an open meeting that results from deliberations in a meeting not open to the public is invalid unless the deliberations were for a purpose specifically authorized above.

During the review of the minute record, we found that the general presentation of the minutes lacked sufficient detail to determine what actions were taken and discussions that were held. The Township should ensure that the minute record is sufficiently detailed to document actions taken by the Board of Trustees and to provide evidence of discussions held in open meetings. Further, the Trustees should ensure that a monitoring process is in place and functioning to ensure minutes contain all required actions of the Board.

Township Response:

The Township chose not to respond.

Orange Township
Meigs County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-005

Noncompliance Citation – Ohio Revised Code Section 5705.39

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. During 2020, appropriations exceeded estimated resources in the general fund. The Township should implement the appropriate procedures to ensure that appropriations do not exceed the amount of estimated resources.

Township Response:

The Township chose not to respond.

Finding Number 2021-006

Noncompliance Citation/Material Weakness – Proper Public Purpose

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 memorialize by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During testing of payroll expenditures, we noted that the Township filed multiple monthly retirement reports after the due date and was assessed late penalty and interest charges of \$40.30 for 2020 and \$7.08 for 2021.

During testing of credit card transactions, we noted that the Township incurred interest and fees for outstanding balances and late payments. Fees amounted to \$69.00 for 2020 and \$156.00 for 2021 and interest amounted to \$20.03 for 2020 and \$236.43 for 2021. Additionally, we found that the Township also paid sales tax for various charges from the transactions sampled. Sales tax paid for the sample items tested amounted to \$139.88 for 2020 and \$116.96 for 2021.

Incurrence of late fees, penalties and interest, and sales tax assessments for exempt organizations could result in the assessment of findings for recovery against officials of the Township by the Auditor of State.

The Township should ensure that reports are filed and remittances are paid by the required date. Additionally, as a tax exemption entity, the Township’s officials and employees should take due care to not incur unnecessary costs to the Township by paying sales tax on transactions.

Township Response:

The Township chose not to respond.

Orange Township
Meigs County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-007

Noncompliance Citation – Ohio Revised Code Chapter 133

Ohio Revised Code Chapter 133 authorizes certain methods by which subdivisions may incur debt.

Ohio Revised Code Section 133.22 states that a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute.

Ohio Revised Code Section 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Revised Code Section 133.15 states that a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

Ohio Revised Code Section 133.18 states that the taxing authority of a subdivision may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2020 and 2021, the Township incurred new promissory notes and made various principal payments on existing promissory notes. However, these notes is not authorized in Ohio Revised Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institution. The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

Township Response:

The Township chose not to respond.

Finding Number 2021-008

Material Weakness – Bank Reconciliation Controls

Having sound internal control procedures in place over the reconciliation process is essential to ensure the Township's cash balances are accurate. Preparing reconciliations timely and having proper review processes in place is imperative to ensure that errors are quickly identified and resolved.

During the course of testing, we noted that bank statements for the main checking account run through the middle of the month. The Fiscal Officer is not reconciling the account as of the end of each month. As a result, we noted items included in the outstanding payments/deposits listings that actually cleared the bank prior to month-end. Additionally, there was activity clearing the bank in December but not reported until the mid-January statement and therefore were not posted in the accounting system until January. Further, although some months' minutes documented review of bank reconciliations, such reviews were not documented for the entire audit period, and the Trustees did not sign any reconciliations for the audit period to evidence that reviews were performed.

Orange Township
Meigs County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-008 (Continued)

Material Weakness – Bank Reconciliation Controls (Continued)

We recommend that the Township Fiscal Officer timely prepare detailed bank reconciliations at the end of each month, and the Trustees are documenting review of these reconciliations. This should minimize the risk of errors in financial reporting as of the end of each fiscal year.

Township Response:

The Township chose not to respond.

Finding Number 2021-009

Material Weakness – Segregation of Duties

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls. The small size of the Township's staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions. It is therefore important that the Board of Trustees function as a finance committee to monitor financial activity closely.

There was no documentation the Board of Trustees reviewed each month's bank reconciliation during the audit period. Additionally, minutes were often not detailed enough to determine what other monitoring procedures were performed. The Trustees should review and approve bank reconciliations and other financial reports monthly. Regular review of this information is a valuable tool for management to identify and react to unexpected activity and also to identify and correct errors in a timely manner. These reviews should be evidenced by documentation in the minutes of the Township meetings and bank reconciliations should be signed by the Trustees. The minute record should also document which reports are reviewed by the Trustees each month to provide evidence that proper monitoring is occurring.

Township Response:

The Township chose not to respond.

Finding Number 2021-010

Noncompliance Citation – Negative Fund Balance

Ohio Revised Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The Township had a negative fund balance in the general fund at December 31, 2021.

The Township should implement the appropriate procedures to ensure that funds are available prior to expending money from a fund or transferring funds timely to ensure that deficit spending does not occur.

Township Response:

The Township chose not to respond.

Orange Township
Meigs County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-011

Material Weakness – Supporting Documentation

Ohio Revised Code Section 149.351(A) states that all records are property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Revised Code or under the records programs established by the boards of trustees of state-supported institutions of higher education under Section 149.33 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

For sampled timesheets reviewed during testing, we noted that employees do not document what projects they are working on each day to support payment from various funds. Further, we found no documentation in personnel files or minutes of hiring that outlines duties of employees, which could also support charges to various funds.

During testing of nonpayroll expenditures, we found two disbursements for which original supporting documentation could not be provided. Additionally, the Township could not provide copies of fire contracts. The vendors to which the disbursements were paid and the Tupper Plains Fire Department were able to provide copies invoices and the fire contracts that were utilized for audit testing. During testing of credit card charges, we found one charge from those sampled that could not be supported by an invoice or other documentation. Alternate procedures were performed to gain assurance over the transaction.

The Township should implement procedures to ensure timesheets maintained for each employee are sufficiently detailed to support charges to special funds. Alternately, the Township could implement a process of documentation within the minutes or personnel files the duties of employees upon hiring and as responsibilities are modified. Also, additional monitoring procedures should be implemented to ensure that all supporting documentation is maintained for all transactions.

Township Response:

The Township chose not to respond.

Finding Number 2021-012

Noncompliance Citation – Timely Adoption and Filing of Appropriations

Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

The Township did not adopt appropriations measures until February of each year. Expenditures were paid prior to each adoption date in 2020 and 2021. Further, the Township did not file its 2021 appropriation measure with the County Auditor. We recommend that the Township implement procedures to ensure that appropriations are adopted by the required date. If January meetings are not scheduled to be held and expenditures are expected to be made in January, the Township should consider adopting appropriations at its final meeting in the preceding December. Further, the Township should ensure all budgetary documents are filed with the County Auditor.

Township Response:

The Township chose not to respond.

Orange Township
Meigs County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2021 and 2020

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2019-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2021-001
Finding 2019-002	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2021-002
Finding 2019-003	Noncompliance Citation – Ohio Revised Code Section 5705.41(B)	No	Reissued as Finding 2021-003
Finding 2019-004	Material Weakness – Board Meeting Minutes	No	Reissued as Finding 2021-004
Finding 2019-005	Noncompliance Citation – Ohio Revised Code Section 5705.39	No	Reissued as Finding 2021-005
Finding 2019-006	Noncompliance Citation/Material Weakness – Proper Public Purpose	No	Reissued as Finding 2021-006
Finding 2019-007	Noncompliance Citation – Ohio Revised Code Chapter 133	No	Reissued as Finding 2021-007
Finding 2019-008	Material Weakness – Bank Reconciliation Controls	No	Reissued as Finding 2021-008
Finding 2019-009	Material Weakness – Segregation of Duties	No	Reissued as Finding 2021-009
Finding 2019-010	Noncompliance Citation – Ohio Revised Code Chapter 5705.10	No	Reissued as Finding 2021-010
Finding 2019-011	Material Weakness – Supporting Documentation	No	Reissued as Finding 2021-011

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OHIO AUDITOR OF STATE KEITH FABER



ORANGE TOWNSHIP

MEIGS 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 4/4/2023

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