



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SUNFISH TOWNSHIP  
PIKE COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Sunfish Township  
Pike County  
6150 Laurel Ridge Road  
Piketon, Ohio 45661

To the Board of Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Sunfish Township, Pike County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, 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 fund type combined total as of and for the years ended December 31, 2021 and 2020, 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 and 2020, or the changes in financial position thereof for the years 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 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.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion 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 June 5, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
June 5, 2023

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**Sunfish Township**  
*Pike 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$21,936	\$58,727	\$80,663
Intergovernmental	23,959	219,512	243,471
Earnings on Investments	234	429	663
Miscellaneous	0	28,490	28,490
<i>Total Cash Receipts</i>	<u>46,129</u>	<u>307,158</u>	<u>353,287</u>
<b>Cash Disbursements</b>			
Current:			
General Government	31,455	0	31,455
Public Safety	0	48,286	48,286
Public Works	0	109,178	109,178
Health	0	941	941
Conservation-Recreation	0	11,350	11,350
Debt Service:			
Principal Retirement	0	5,900	5,900
Interest and Fiscal Charges	0	830	830
<i>Total Cash Disbursements</i>	<u>31,455</u>	<u>176,485</u>	<u>207,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,674</u>	<u>130,673</u>	<u>145,347</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	<u>1,289</u>	<u>0</u>	<u>1,289</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,289</u>	<u>0</u>	<u>1,289</u>
<i>Net Change in Fund Cash Balances</i>	15,963	130,673	146,636
<i>Fund Cash Balances, January 1</i>	<u>101,519</u>	<u>323,397</u>	<u>424,916</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$117,482</u></u>	<u><u>\$454,070</u></u>	<u><u>\$571,552</u></u>

*See accompanying notes to the basic financial statements*

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**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Sunfish Township, Pike County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection.

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

The Township participates in a public entity risk pool. Note 7 to the financial statements provide 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.

***Fund Accounting***

Sunfish 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.

***Fire Fund*** The fire fund accounts for and reports proceeds from property taxes restricted for the Fire Department.

***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).

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 4.

***Deposits and Investments***

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

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not establish a Certificate of Estimated Revenue or Appropriations for the fiscal year. This resulted in Expenditures exceeding Appropriations in the amount of \$31,455 in the General Fund and \$176,485 in the Special Revenue funds.

**Note 4 – 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	\$0	\$47,418	\$47,418
Special Revenue	0	307,158	307,158
Total	\$0	\$354,576	\$354,576

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$31,455	(\$31,455)
Special Revenue	0	176,485	(176,485)
Total	\$0	\$207,940	(\$207,940)

**Note 5 – Deposits**

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 accounts are as follows:

	2021
Demand deposits	\$ 571,522
Total deposits	\$ 571,522

***Deposits***

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

**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**

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; and

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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- Vehicle.

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

	2021
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**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 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 10 – Debt**

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

	Principal	Interest Rate
USDA Loan	\$18,700	3.375%
Total	\$18,700	

The Township entered into a USDA loan agreement in 2017 to finance the purchase of a dump truck. The principal amount of the loan was \$41,000 and will be paid in full in 2024.

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Amortization***

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

Year Ending December 31:	USDA Loan
2022	\$ 6,631
2023	6,629
2024	6,719
Total	<u>\$ 19,979</u>

**Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Township had no outstanding encumbrances.

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

**Note 12 – Contingent Liabilities**

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.

**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.

During 2021, the Township received \$66,517 in COVID funding. These amounts are recorded in the 2112 Fire Special Revenue Fund in the accompanying financial statements.



**Sunfish Township**  
*Pike 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$16,452	\$37,888	\$54,340
Intergovernmental	23,829	233,944	257,773
Earnings on Investments	223	414	637
Miscellaneous	8,035	0	8,035
<i>Total Cash Receipts</i>	<u>48,539</u>	<u>272,246</u>	<u>320,785</u>
<b>Cash Disbursements</b>			
Current:			
General Government	32,982	842	33,824
Public Safety	0	86,649	86,649
Public Works	0	87,354	87,354
Health	0	718	718
Conservation-Recreation	0	9,300	9,300
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	5,600	5,600
Interest and Fiscal Charges	0	1,019	1,019
<i>Total Cash Disbursements</i>	<u>32,982</u>	<u>191,482</u>	<u>224,464</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,557</u>	<u>80,764</u>	<u>96,321</u>
<i>Net Change in Fund Cash Balances</i>	15,557	80,764	96,321
<i>Fund Cash Balances, January 1</i>	<u>85,962</u>	<u>242,633</u>	<u>328,595</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$101,519</u></u>	<u><u>\$323,397</u></u>	<u><u>\$424,916</u></u>

*See accompanying notes to the basic financial statements*

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**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Sunfish Township, Pike County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection.

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

The Township participates in a public entity risk pool. Note 7 to the financial statements provide 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.

***Fund Accounting***

Sunfish 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.

***Fire Fund*** The fire fund accounts for and reports proceeds from property taxes restricted for the Fire Department.

***Fire Special Fund (COVID-19)*** The fire fund accounts for and reports proceeds from Coronavirus Relief Funding restricted for the prevention of spread and treatment of Covid-19.

***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

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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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. Appropriations lapse at year end.

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

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

A summary of 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.

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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*.

**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.

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not establish a Certificate of Estimated Revenue or Appropriations for the fiscal year. This resulted in Expenditures exceeding Appropriations in the amount of \$32,982 in General Fund and \$191,482 in Special Revenue Fund.

**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	\$ 0	\$ 48,539	\$ 48,539
Special Revenue	0	272,246	272,246
Total	\$ 0	\$ 320,785	\$ 320,785

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 32,982	\$ (32,982)
Special Revenue	0	191,482	\$ (191,482)
Total	\$ 0	\$ 224,464	\$ (224,464)

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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 accounts are as follows:

	<u>2020</u>
Demand deposits	<u>\$ 424,916</u>
Total deposits	<u><u>\$ 424,916</u></u>

***Deposits***

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

At December 31, 2020, \$37,558 of deposits were not insured or collateralized, contrary to Ohio law.

**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**

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; and
- Vehicle.

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

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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	2020
Cash and investments	\$ 36,348,006
Actuarial liabilities	\$ 10,894,146

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**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
USDA Loan	\$24,600	3.375%
Total	\$24,600	

The Township entered into a USDA loan agreement in 2017 to finance the purchase of a dump truck. The principal amount of the loan was \$41,000 and will be paid in full in 2024.

***Amortization***

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

**Sunfish Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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Year Ending December 31:	USDA Loan
2021	\$ 6,730
2022	6,631
2023	6,629
2024	6,719
Total	<u>\$ 26,709</u>

**Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Township had no outstanding encumbrances.

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

**Note 12 – Contingent Liabilities**

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.

**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 Coronavirus Relief Funding (CRF) CARES Act funding. Of the amounts received, \$73,363 was spent by the Township and \$10,898 should have been returned to the granting agency. These amounts are reflected as public safety expenditures in the 2112 Fire Special Revenue Fund on the accompanying financial statements.



# OHIO AUDITOR OF STATE KEITH FABER



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

Sunfish Township  
Pike County  
6150 Laurel Ridge Road  
Piketon, Ohio 45661

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Sunfish Township, Pike County, (the Township) and have issued our report thereon dated June 5, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 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 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 Township'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 as items 2021-001, 2021-002, 2021-004 and 2021-005 that we consider to be material weaknesses.

***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 as items 2021-001 through 2021-003.

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
June 5, 2023

**SUNFISH TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Material Weakness/Noncompliance**

**Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2021 or 2020. This was not detected by the Township due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

**Officials' Response:**

We received no response from the Township.

**FINDING NUMBER 2021-002**

**Material Weakness/Noncompliance**

**Ohio Rev. Code § 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 desires 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 1st.

The Township did not pass an appropriation measure for 2021 or 2020, nor were they filed with the County Auditor. Failure to adopt appropriations could result in overspending and negative cash fund balances.

The Township should pass an appropriation measure on or about the first day of each fiscal year. If the Township adopts a temporary measure, they must adopt a permanent measure no later than April 1. In addition, approved appropriation measures should be filed with the County Auditor.

**Officials' Response:**

We received no response from the Township.

**FINDING NUMBER 2021-003**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township's General Fund had expenditures in excess of appropriations of \$31,455 and \$32,982, as of December 31, 2021 and 2020, respectively. Additionally, the Township's Special Revenue Funds had expenditures in excess of appropriations of \$176,485 and \$191,482 as of December 31, 2021 and 2020, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:**

We received no response from the Township.

**FINDING NUMBER 2021-004**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township, and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipt's ledger.

Due to deficiencies in the Township's budgetary monitoring and review process, the following conditions were noted:

**FINDING NUMBER 2021-004  
(Continued)**

<b>2021</b>	<b>General</b>	<b>Special Revenue</b>
UAN Appropriations	\$ 106,400	\$ 412,174
Approved Appropriations	0	0
Variance with System	\$ 106,400	\$ 412,174
UAN Estimated Receipts	\$ 14,673	\$ 115,651
Approved Estimated Receipts	0	0
Variance with System	\$ 14,673	\$ 115,651
<b>2020</b>	<b>General</b>	<b>Special Revenue</b>
UAN Appropriations	\$ 99,500	\$ 337,417
Approved Appropriations	0	0
Variance with System	\$ 99,500	\$ 337,417
UAN Estimated Receipts	\$ 19,713	\$ 118,800
Approved Estimated Receipts	0	0
Variance with System	\$ 19,713	\$ 118,800

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) posted to the accounting system were not approved by the Board. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) posted to the accounting system were not established with the County and approved by the Board for fiscal year 2021 and 2020.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

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. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:**

We received no response from the Township.

**FINDING NUMBER 2021-005**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**FINDING NUMBER 2021-005**  
**(Continued)**

Due to deficiencies in the Township's financial statement monitoring and review process, the following conditions were noted in relation to the 2021 Reporting:

General Fund:

- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$2,934.
- Budgeted Receipts was overstated in the amount of \$14,473 in the Budgetary Activity footnote.
- Budgeted Expenditures was overstated in the amount of \$106,500 in the Budgetary Activity footnote.
- Budgetary Actual Receipts was understated in the amount of \$23,079 in the Budgetary Activity footnote.

Special Revenue Fund:

- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$873 in the Road and Bridge Fund.
- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$3,858 in the Fire Fund.
- Property Taxes Receipts and Fund Cash Balances were understated in the amount of \$136 in the Fire Fund.
- Intergovernmental Receipts and Fund Cash Balances were overstated in the amount of \$136 in the Cemetery Fund.
- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$1,520 in the Cemetery Fund.
- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$66,517 in the COVID Fire Fund.
- Other Financing Sources Receipts was overstated and Miscellaneous Receipts was understated in the amount of \$28,490 in the Gasoline Tax Fund.
- Public Works Disbursements was overstated \$6,730 and Principal Retirement Disbursements was understated \$5,900 and Interest and Fiscal Charges Disbursements was understated \$830 in the Gasoline Tax Fund.
- Budgeted Receipts was overstated in the amount of \$115,651 in the Budgetary Activity footnote.
- Budgeted Expenditures was overstated in the amount of \$412,174 in the Budgetary Activity footnote.

Due to deficiencies in the Township's financial statement monitoring and review process, the following conditions were noted in relation to the 2020 Reporting:

**FINDING NUMBER 2021-005  
(Continued)**

General Fund:

- Other Financing Sources Receipts was overstated and Miscellaneous Receipts was understated in the amount of \$8,035.
- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$6,903.
- Other Financing Sources Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$94.
- Intergovernmental Receipts and Fund Cash Balances were overstated in the amount of \$2,521.
- Intergovernmental Receipts was overstated in the amount of \$386, Property Taxes Receipts were understated in the amount of \$153, General Governmental Expenditures was overstated in the amount of \$63, and Fund Cash Balances was overstated in the amount of \$296.
- General Government Disbursements was understated and Fund Cash Balances was overstated in amount of \$1,319.
- Earnings on Investments Receipts and Fund Cash Balances were understated by \$10.
- Budgeted Receipts was overstated in the amount of \$19,713 in the Budgetary Activity footnote.
- Budgeted Expenditures was overstated in the amount of \$99,500 in the Budgetary Activity footnote.
- Budgetary Expenditures were understated by \$63 in the Budgetary Activity footnote.

Special Revenue Fund:

- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$483 in the Road and Bridge Fund.
- Intergovernmental Receipts and Fund Cash Balances were understated in the amount of \$458 in the Road and Bridge Fund.
- Property Taxes Receipts and Fund Cash Balances were understated in the amount of \$56 in the Road and Bridge Fund.
- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$825 in the Cemetery Fund.
- Intergovernmental Receipts and Fund Cash Balances were understated in the amount of \$726 in the Cemetery Fund.
- Property Taxes Receipts and Fund Cash Balances were understated in the amount of \$83 in the Cemetery Fund.
- Property Taxes Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$1,550 in the Fire Fund.

**FINDING NUMBER 2021-005  
(Continued)**

- Intergovernmental Receipts and Fund Cash Balances were understated in the amount of \$1,337 in the Fire Fund.
- Property Taxes Receipts and Fund Cash Balances were understated in the amount of \$157 in the Fire Fund.
- Public Works Disbursements was understated, and Fund Cash Balances was overstated in amount of \$469 in the Gasoline Tax Fund.
- Public Works Disbursements was overstated \$6,619 and Principal Retirement Disbursements was understated \$5,600 and Interest and Fiscal Charges Disbursements was understated \$1,019 in the Gasoline Tax Fund.
- Other Financing Sources Receipts was overstated and Intergovernmental Receipts was understated in the amount of \$84,258 in the COVID Fire Fund.
- Budgeted Receipts was overstated in the amount of \$118,800 in the Budgetary Activity footnote.
- Budgeted Expenditures was overstated in the amount of \$337,417 in the Budgetary Activity footnote.

The Township corrected the financial statements and their accounting system and notes to the financial statements, where applicable, for all identified errors.

Failure to accurately post and report transactions could result in material errors in the Township's financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which affect the overall available cash position of the Township.

The Township should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

**Officials' Response:**

We received no response from the Township.



# OHIO AUDITOR OF STATE KEITH FABER



**SUNFISH TOWNSHIP**

**PIKE 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 7/11/2023**

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](http://www.ohioauditor.gov)