

PEE PEE TOWNSHIP
PIKE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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Board of Trustees
Pee Pee Township
99 Morris Road
Waverly, Ohio 45690

We have reviewed the *Independent Auditor's Report* of Pee Pee Township, Pike County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery – Repaid Under Audit

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 judgement of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditures 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.

Pee Pee Township Vacation policy allows for full time employees to earn vacation leave based on the anniversary date of the first year of employment as follows:

Years of Service	Weeks of Vacation
1 st Year	2 weeks
10 th Year	3 weeks
20 th Year	4 weeks

Additionally, allow full-time employees may either carry-over up to one week of remaining vacation to the new year or the full-time employee could opt to be paid for any remaining vacation valance up to one-week at the same hourly rated being used when vacation was earned.

During 2021, Jason Jones' vacation was accrued at the 10-year rate or 3 weeks a year, however, his 10-year anniversary with the Township was not until February 6, 2022. Due to this error, Mr. Jones used 8.75 in excess of his allowed vacation accrual and on January 31, 2022, he was paid out 31.25 hours of vacation leave in error. Since he had not reached his 10-year anniversary date, this resulted in an overpayment in the amount of \$592.00.

Board of Trustees
Pee Pee Township
99 Morris Road
Waverly, Ohio 45690
Page -2-

The excess leave payout is not a proper public purpose, contrary to the Board policy, and an illegal expenditure.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jason Jones in the amount of \$592.00 and in favor of Pee Pee Township's Gas Tax Fund.

On December 4, 2024, David Dewitt and James Helton each paid \$197.00 to Pee Pee Township. On December 5, 2024, Charla Rose paid \$198.00 to Pee Pee Township. The finding for recovery is repaid in full.

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



Keith Faber
Auditor of State
Columbus, Ohio

February 02, 2025

Pee Pee Township
Pike County
Table of Contents
For the Years Ended December 31, 2022 and 2021

Title	Page
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2022.....	4
Notes to the Financial Statements –For the Year Ended December 31, 2022.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2021.....	12
Notes to the Financial Statements – For the Year Ended December 31, 2021.....	13
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	20
Schedule of Findings and Responses	22
Schedule of Prior Audit Findings.....	26

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Independent Auditor's Report

Board of Trustees
Pee Pee Township
Pike County
621 Kennard Road
Waverly, Ohio 45690

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Pee Pee Township, Pike 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, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022, and 2021, 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 (*Government Auditing Standards*). 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.

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

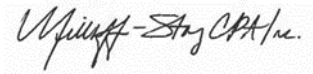
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 November 19, 2024, 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

November 19, 2024

Pee Pee Township
Pike County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	<u>Governmental Fund Types</u>		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 73,646	\$ 310,202	\$ 383,848
Intergovernmental	35,565	413,458	449,023
Earnings on Investments	138	276	414
Miscellaneous	486	1,025	1,511
Total Cash Receipts	109,835	724,961	834,796
Cash Disbursements:			
Current:			
General Government	127,273	-	127,273
Public Safety	-	38,802	38,802
Public Works	-	176,004	176,004
Health	-	241,729	241,729
Human Services	550	-	550
Capital Outlay	-	85,000	85,000
Debt Service:			
Principal Retirement	26,907	-	26,907
Interest and Fiscal Charges	1,088	-	1,088
Total Cash Disbursements	155,818	541,535	697,353
Net Change in Fund Cash Balances	(45,983)	183,426	137,443
Fund Cash Balances, January 1	122,964	505,771	628,735
Fund Cash Balances, December 31	\$ 76,981	\$ 689,197	\$ 766,178

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

Pee Pee Township
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Pee Pee 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 maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Village of Waverly to provide fire services.

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

The Township participates in a jointly governed organization with Evergreen Union Cemetery to provide cemetery maintenance for the Township. Note 10 to the financial statements provide additional information for this entity. 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 which are organized on a fund type basis.

Fund Accounting

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

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

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

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.

Cemetery Fund This fund accounts for and reports the portion of county tax revenues received from the county auditor from voted tax levies and passes all net revenue to the Evergreen Union Cemetery Board based on agreement between Evergreen Union Cemetery Board and the Township.

American Rescue Plan Fund This fund receives Coronavirus Relief Funding through the Ohio Office of Management and Budget (OMB) as a result of legislation from the Ohio General Assembly and the Ohio Controlling Board allocating federal funding. A provision of the legislation allows funds to be used for investment in water, sewer, band broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

Pee Pee Township
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered Appropriations lapse at year-end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Township did not use the encumbrance method of accounting.

A summary of 2022 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.

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:

Pee Pee Township
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Cemetery fund by \$33,829 for the year ended December 31, 2022.

Contrary to Ohio law, total appropriations exceeded total estimated resources in the General fund by \$17,492 for the year ended December 31, 2022.

Contrary to Ohio law, the Township did not properly encumber funds prior to commitment.

Pee Pee Township
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,544	\$ 109,835	\$ 37,291
Special Revenue	412,750	724,961	312,211
Total	<u>\$ 485,294</u>	<u>\$ 834,796</u>	<u>\$ 349,502</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 213,000	\$ 155,818	\$ 57,182
Special Revenue	694,900	541,535	153,365
Total	<u>\$ 907,900</u>	<u>\$ 697,353</u>	<u>\$ 210,547</u>

Note 5 - Deposits and Investments

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

	2022
Demand Deposits	\$ 716,178
Certificates of Deposit	50,000
Total deposits and investments	<u>\$ 766,178</u>

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.

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

Pee Pee Township
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2022</u>
Cash and Investments	\$32,288,098
Actuarial Liabilities	<u>9,146,434</u>

During 2022 the Township made no payments for claims in excess of the policy limits. No changes were made to coverages in 2022.

The township made the following payments to OTARMA in 2022:

2022 Contributions to OTARMA
<u>\$6,378</u>

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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 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, 2022.

Note 9 - 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 the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Pee Pee Township
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Jointly Governed Organizations

Waverly Evergreen Union Cemetery: The Waverly Evergreen Union Cemetery, a jointly governed organization, provides services within the Township. The Board of Trustees oversees the operation of the Cemetery. The Township does not have any financial interest in or responsibility for the Cemetery.

Note 11 – Contingent Liabilities

The Township is not currently a defendant in any lawsuits.

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 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. At year-end, the Township had no nonspendable fund balances or outstanding encumbrances.

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 2022, the Village received \$170,418 in COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 14 – Subsequent Events

The Township signed agreements with the Pike County Engineer in 2023 and 2024 for its annual chip and seal program. The Township had expenditures of \$25,382 in 2023 and \$56,090 in 2024 related to this program. These agreements each include \$10,000 in tippage funds received from the County.

The Township approved multiple paving projects with Gus' Paving in 2023 and 2024 for paving of various roads within the Township. The Township issued payments to Gus' Paving totaling \$117,000 and \$30,000 in 2023 and 2024, respectively.

The Township has an agreement with the Village of Waverly, Ohio, for fire protection services, in which the Township is required to make an annual payment to the Village each year. The Township paid the Village \$26,500 in November 2023. The next payment of \$26,500 will be due later in 2024.

In 2024, the Township approved the purchase of a 2023 Tanker truck from Rosenbauer, LLC for \$629,956. Down payments were made in May 2024 and September 2024 for \$138,002 and \$150,000, respectively. The remaining balance of \$341,954 was paid with the proceeds of a commercial loan issued in September 2023 through The First National Bank of Waverly.

Pee Pee Township
Pike County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – Subsequent Events (Continued)

In 2024, the Township, in conjunction with the Pike County Engineer's Office, approved a contract with W.E. Smith Construction for \$225,355 for slip repair on Lake Road. The Township has received a final invoice from the contractor for \$225,355. No payment has been made as of the date of this report. However, the Township expects to be reimbursed by FEMA.

Note 15 – Debt

The Township issued a general obligation note to finance the purchase of a new Kubota tractor for Township road maintenance. This note is a renewable note. This note can be renewed up to 3 times. The first renewal of the note matured on July 31, 2021. The principal balance of \$26,907 was paid in full in September of 2022.

Pee Pee Township
Pike 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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$ 74,895	\$ 310,455	\$ 385,350
Intergovernmental	33,501	361,870	395,371
Earnings on Investments	246	492	738
Miscellaneous	804	-	804
Total Cash Receipts	109,446	672,817	782,263
Cash Disbursements:			
Current:			
General Government	78,444	-	78,444
Public Safety	-	29,756	29,756
Public Works	-	164,316	164,316
Health	-	243,928	243,928
Human Services	500	-	500
Capital Outlay	-	49,000	49,000
Debt Service:			
Principal Retirement	13,118	-	13,118
Interest and Fiscal Charges	761	-	761
Total Cash Disbursements	92,823	487,000	579,823
Excess of Receipts Over (Under) Disbursements	16,623	185,817	202,440
Other Financing Receipts(Disbursements):			
Sale of Capital Assets	400	0	400
Total Other Financing Receipts(Disbursements)	400	-	400
Net Change in Fund Cash Balances	17,023	185,817	202,840
Fund Cash Balances, January 1	105,941	319,954	425,895
Fund Cash Balances, December 31	\$ 122,964	\$ 505,771	\$ 628,735

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

Pee Pee Township
Pike 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 Pee Pee 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 maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Village of Waverly to provide fire services.

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

The Township participates in a jointly governed organization with Evergreen Union Cemetery to provide cemetery maintenance for the Township. Note 9 to the financial statements provide additional information for this entity. The Township participates in a public entity risk pool. Note 6 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 which are organized on a fund type basis.

Fund Accounting

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

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

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

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.

Cemetery Fund This fund accounts for and reports the portion of county tax revenues received from the county auditor from voted tax levies and passes all net revenue to the Evergreen Union Cemetery Board based on agreement between Evergreen Union Cemetery Board and the Township.

American Rescue Plan Fund This fund receives Coronavirus Relief Funding through the Ohio Office of Management and Budget (OMB) as a result of legislation from the Ohio General Assembly and the Ohio Controlling Board allocating federal funding. A provision of the legislation allows funds to be used for investment in water, sewer, band broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered Appropriations lapse at year-end.

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Township did not use the encumbrance method of accounting.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 - Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 108,085	\$ 109,846	\$ 1,761
Special Revenue	493,829	672,817	178,988
Total	\$ 601,914	\$ 782,663	\$ 180,749

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

Note 3 - Budgetary Activity (Continued)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 163,500	\$ 92,823	\$ 70,677
Special Revenue	663,790	487,000	176,790
Total	<u>\$ 827,290</u>	<u>\$ 579,823</u>	<u>\$ 247,467</u>

Note 4 - Deposits and Investments

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

	2021
Demand Deposits	\$ 578,735
Certificates of Deposit	50,000
Total deposits and investments	<u>\$ 628,735</u>

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

Note 5 - Property Taxes

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

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

Note 6 - Risk Management

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

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

Note 6 - Risk Management (Continued)

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

	<u>2021</u>
Cash and Investments	\$34,880,559
Actuarial Liabilities	<u>10,601,444</u>

During 2021 the Township made no payments for claims in excess of the policy limits. No changes were made to coverages in 2021.

The township made the following payments to OTARMA in 2021:

<u>2021 Contributions to OTARMA</u>
\$6,122

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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 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.

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 the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Jointly Governed Organizations

Waverly Evergreen Union Cemetery: The Waverly Evergreen Union Cemetery, a jointly governed organization, provides services within the Township. The Board of Trustees oversees the operation of the Cemetery. The Township does not have any financial interest in or responsibility for the Cemetery.

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

Note 10 - Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	<u>\$26,907</u>	2%
Total	<u><u>\$26,907</u></u>	

The Township issued a general obligation note to finance the purchase of a new Kubota tractor for Township road maintenance. This note is a renewable note. This note can be renewed up to 3 times. The first renewal of the note matured on July 31, 2021.

Amortization

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

Year Ending December 31	General Obligation Notes
2022	\$ 13,845
2023	14,150
<u>Total</u>	<u>\$ 27,995</u>

Note 11 – Contingent Liabilities

The Township is not currently a defendant in any lawsuits.

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 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. At year-end, the Township had no nonspendable fund balances or outstanding encumbrances.

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 \$169,068 in COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may 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.

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

Note 14 – Subsequent Events

In 2020, the Township issued a general obligation note for the purchase of a new Kubota tractor for Township road maintenance. See Note 10 for additional information related to this obligation. In September 2022, the Township elected to pay off the remaining balance of this note, and issued a final payment to First National Bank in the amount of \$27,995.

The Township signed agreements with the Pike County Engineer in 2022, 2023, and 2024 for its annual chip and seal program. The Township had expenditures of \$23,114 in 2022, \$25,382 in 2023, and \$56,090 in 2024 related to this program. These agreements each include \$10,000 in tippage funds received from the County.

The Township approved multiple paving projects with Gus' Paving in 2022, 2023, and 2024 for paving of various roads within the Township. The Township issued payments to Gus' Paving totaling \$75,000, \$117,000, and \$30,000 in 2022, 2023, and 2024, respectively.

The Township has an agreement with the Village of Waverly, Ohio, for fire protection services, in which the Township is required to make an annual payment to the Village each year. The Township paid the Village \$26,500 in November 2023. The next payment of \$26,500 will be due later in 2024.

In 2024, the Township approved the purchase of a 2023 Tanker truck from Rosenbauer, LLC for \$629,956. Down payments were made in May 2024 and September 2024 for \$138,002 and \$150,000, respectively. The remaining balance of \$341,954 was paid with the proceeds of a commercial loan issued in September 2023 through The First National Bank of Waverly.

In 2024, the Township, in conjunction with the Pike County Engineer's Office, approved a contract with W.E. Smith Construction for \$225,355 for slip repair on Lake Road. The Township has received a final invoice from the contractor for \$225,355. No payment has been made as of the date of this report. However, the Township expects to be reimbursed by FEMA.

Note 15 – Compliance

Contrary to Ohio law, the Township did not properly encumber funds prior to commitment.

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
Pee Pee Township
Pike County
621 Kennard Road
Waverly, Ohio 45690

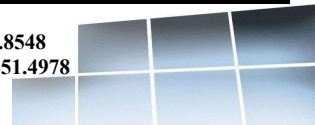
We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Pee Pee Township, Pike County (the Township) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements and have issued our report thereon dated November 19, 2024, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

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 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.



Pee Pee Township

Pike 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

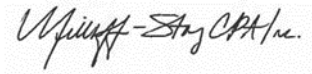
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2022-004, 2022-005, and 2022-006.

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 are 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 entity'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

November 19, 2024

Pee Pee Township
Pike County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-001

Material Weakness – Financial Reporting

A monitoring system by the Township should be in place to prevent or detect misstatements for the accurate presentation of the Township's financial statements. We noted that FEMA grant funds were improperly reported as capital project funds in the 2021 and 2022 Hinkle reports. These funds were reported as Special Revenue funds in the trial balance database, consistent with the prior year audit. An adjustment to beginning balances was required in 2022 due to Fiscal Officer running a check void through as a fund balance adjustment. We also noted multiple misclassifications in property tax, intergovernmental, and miscellaneous revenue in both 2021 and 2022. Further, the Fiscal Officer did not properly record debt payments, resulting in adjustments to principal, interest, and general government expenditures in both 2021 and 2022. We noted multiple misclassifications in testing of nonpayroll disbursements, resulting in adjustments to capital outlay and public works expenditures in both 2021 and 2022. Further, the Township did not record its share of tippage received from the County on the 2022 chip and seal project. One payroll tax payment was improperly recorded in UAN, requiring an adjustment to General fund ending balance. Further, multiple adjustments were made to both the 2021 and 2022 footnotes. In 2021, we noted that the Township utilized a manual accounting system. In tying out manual reports, we noted instances where amounts reported in the cash journal were not properly recorded in the revenue or appropriation ledgers as well. These corrections were deemed material, and corrections were made in the financial statements.

The Township should implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Township Response:

Township officials chose not to include a response.

Finding Number 2022-002

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. In 2021, the Township utilized a manual accounting system and did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by the Board were not posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system. It was noted that the Township did convert to UAN in 2022. However, we noted variances in authorized budgetary measures to the UAN accounting system in 2022.

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.

Township Response:

Township officials chose not to include a response.

Pee Pee Township
Pike County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-003

Material Weakness – Payroll Controls

Sound internal controls over payroll disbursements is pertinent to ensure that payroll is accurate, complete, in compliance with applicable laws and regulations.

During testing of payroll disbursements, we noted the following issues:

- The Township does not maintain employee personnel files with approved pay rates or employee withholding information.
- In 2021, the Fiscal Officer could not provide timesheet support for two pay periods tested. We were able to perform alternative procedures to determine that employee pay was reasonable.
- In 2021, we noted one employee accrued 40 hours of vacation more than they were eligible to accrue per Township policy. The employee utilized a portion of the leave balance in 2021, while being paid out the remainder of the balance in January 2022, per Township policy.
- In October 2021, one employee was paid for time off after testing positive for COVID-19. The Board did not approve any additional leave related to COVID-19. We noted that the hours paid were not taken against the employee's available sick leave balance.
- In both 2021 and 2022, two employees were given "net pay" bonuses, but only Medicare tax was withheld from the bonus amount. The Township paid the employee portions of all other taxes.
- In 2021, the Township utilized a manual accounting system. We noted that employee leave balances reported on employee pay stubs were not accurate. Further, after the Township converted to the UAN system, the Fiscal Officer continued to process payroll outside of the UAN system, resulting in leave balances reported on employee paystubs to be incorrect in 2022 as well.
- The Fiscal Officer did not report State wages on the 2021 form W-3. Further, the Medicare amount reported on the 2022 form W-3 included both the employee and employer portion of Medicare.
- In 2022, we noted that the Township was assessed penalty and interest charges related to the late payment of OPERS withholdings and 941 taxes.
- For the May 2022 pay period, we noted that no deductions were taken out on two employee pay checks. These employees paid back the overpaid amount in full in 2023.
- The Fiscal Officer improperly claimed a credit on the Township's 2022 2nd Quarter 941 return. This credit was taken when making the July 2022 941 tax payment. However, the Fiscal Officer recorded the payment in UAN as the full amount of tax withheld for the month, resulting in a reconciling difference of \$700 that appeared on the Township's bank reconciliation through the end of the audit period.
- In 2021, we noted that elected officials were paid at an improper rate based on the Township's annual budget, resulting in underpayments to all elected officials. These underpayments were corrected by the Township in 2022.

The Village should adopt proper procedures to ensure that employee pay is accurate and properly supported. Accruals for employee leave should be in accordance with Township policy. Further, all required deductions should be made from employee wages. These deductions should be paid in to applicable agencies timely to prevent penalty and interest charges being assessed. Employee leave should be documented accurately on employee pay stubs. We recommend that the Township maintain employee personnel files that include, at a minimum, information related to approved pay rates and employee retirement and withholding designations. When preparing quarterly and annual tax returns, the Fiscal Officer should ensure that amounts reported are accurate and agree to applicable payroll reports.

Township Response:

Township officials chose not to include a response.

Pee Pee Township
Pike County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-004

Noncompliance Citation – Improper Encumbrance of Funds

Ohio Revised Code Section 5705.41 (D)(1) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township maintained a manual accounting system in 2021. In 2021, due to deficiencies in internal controls, 100% of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred. In 2022, we noted multiple instances where purchase commitments were made prior to the certification of availability of funds. Additionally, no threshold has been established to limit amounts allowable for blanket purchase orders.

The Township should certify purchases to which Ohio Revised Code Section 5705.41 (D) applies. The most convenient method is to use purchase orders that include the certification language Ohio Revised Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. Additionally, the Township should approve a blanket certificate threshold.

Township Response:

Township officials chose not to include a response.

Pee Pee Township
Pike County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-005

Noncompliance Citation – Expenditures in Excess of Appropriations

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. In 2022, we noted expenditures in excess of appropriations in the Cemetery fund of \$33,829.

The Village Council 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.

Township Response:

Township officials chose not to include a response.

Finding Number 2022-006

Noncompliance Citation – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. In 2022, we noted that the Village had appropriations in excess of estimated resources in the General fund by \$17,492.

The Township should implement the appropriate procedures, such as periodic comparisons of estimated resources to appropriations, to ensure that appropriations are limited to estimated resources to ensure improper spending does not occur.

Township Response:

Township officials chose not to include a response.

Pee Pee Township
Pike County

Schedule of Prior Audit Findings
For the Year Ended December 31, 2022 and 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2020-001	Noncompliance Citation – ORC 5705.41(D)(1) Improper Encumbrance of Funds	No	Reissued as Finding 2022-004
Finding 2020-002	Material Weakness – Financial Reporting	No	Reissued as Finding 2022-001

OHIO AUDITOR OF STATE KEITH FABER



PEE PEE 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 2/13/2025

65 East State 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