

**UNION TOWNSHIP**  
*CLERMONT COUNTY, OHIO*

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2018**





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

Board of Trustees  
Union Township  
4350 Aicholtz Road  
Cincinnati, OH 45245-3500

We have reviewed the *Independent Auditor's Report* of Union Township, Clermont County, prepared by Bastin & Company, LLC, for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

May 28, 2019

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**UNION TOWNSHIP**  
*CLERMONT COUNTY*

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Union Township  
Clermont County  
4350 Aicholtz Road  
Cincinnati, Ohio 45245

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Union Township, Clermont County, (the Township) as of and for the year ended December 31, 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018, and the respective changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Union Township, Clermont County as of December 31, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in dark ink on a light-colored background.

Cincinnati, Ohio  
April 30, 2019



**Union Township**  
*Clermont County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 1,199,025	\$ 14,510,217	\$ -	\$ -	\$ 15,709,242
Charges for Services	-	820,483	-	-	820,483
Licenses, Permits and Fees	616,236	537,866	-	-	1,154,102
Fines and Forfeitures	102,814	-	-	-	102,814
Intergovernmental	308,965	2,647,658	-	259,500	3,216,123
Special Assessments	-	63,887	-	-	63,887
Payments in Lieu of Taxes	-	9,309,545	-	-	9,309,545
Earnings on Investments	209,415	23,977	-	-	233,392
Miscellaneous	708,420	990,495	-	-	1,698,915
<i>Total Cash Receipts</i>	<u>3,144,875</u>	<u>28,904,128</u>	<u>-</u>	<u>259,500</u>	<u>32,308,503</u>
<b>Cash Disbursements</b>					
Current:					
General Government	3,017,558	4,179,738	-	-	7,197,296
Public Safety	-	17,140,717	-	-	17,140,717
Public Works	-	1,989,886	-	-	1,989,886
Health	443,511	315,439	-	-	758,950
Conservation/Recreation	597,015	-	-	-	597,015
Capital Outlay	221,700	5,486,942	-	7,663,380	13,372,022
Debt Service:					
Principal Retirement	-	1,950,006	26,475,000	-	28,425,006
Interest and Fiscal Charges	-	1,497,161	157,042	-	1,654,203
<i>Total Cash Disbursements</i>	<u>4,279,784</u>	<u>32,559,889</u>	<u>26,632,042</u>	<u>7,663,380</u>	<u>71,135,095</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,134,909)</u>	<u>(3,655,761)</u>	<u>(26,632,042)</u>	<u>(7,403,880)</u>	<u>(38,826,592)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Proceeds from Notes and Loans	-	-	26,435,000	10,920,000	37,355,000
Premium on Debt	-	-	284,441	72,809	357,250
Note Issuance Costs	-	-	(87,399)	(134,517)	(221,916)
Proceeds from Sale of Capital Assets	-	979,702	-	-	979,702
Transfers-In	2,196,713	4,428,555	-	-	6,625,268
Transfers-Out	-	(3,625,268)	-	(3,000,000)	(6,625,268)
Advances-In	6,500,000	-	-	6,500,000	13,000,000
Advances Out	(6,500,000)	-	-	(6,500,000)	(13,000,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,196,713</u>	<u>1,782,989</u>	<u>26,632,042</u>	<u>7,858,292</u>	<u>38,470,036</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements					
<i>Net Change in Fund Cash Balances</i>	1,061,804	(1,872,772)	-	454,412	(356,556)
<i>Fund Cash Balances, January 1</i>	<u>16,082,234</u>	<u>10,409,771</u>	<u>36,473</u>	<u>-</u>	<u>26,528,478</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	8,536,999	36,473	454,412	9,027,884
Assigned	3,363,546	-	-	-	3,363,546
Unassigned	13,780,492	-	-	-	13,780,492
<i>Fund Cash Balances, December 31</i>	<u>\$ 17,144,038</u>	<u>\$ 8,536,999</u>	<u>\$ 36,473</u>	<u>\$ 454,412</u>	<u>\$ 26,171,922</u>

See accompanying notes to the basic financial statements

**Union Township**  
*Clermont County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2018*

	Fiduciary Fund Types
	Agency
<i>Non-Operating Cash Receipts:</i>	
Other Financing Sources	110,952
Total Non-Operating Cash Receipts	110,952
<i>Non-Operating Cash Disbursements:</i>	
Other Financing Uses	86,551
Total Non-Operating Cash Disbursements	86,551
Net Change in Fund Cash Balances	24,401
Fund Cash Balance, January 1	-
Fund Cash Balance, December 31	\$ 24,401

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

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

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

***Blended Component Unit***

The Union Township, Clermont County Community Improvement Corporation, Inc. (CIC), a non-profit organization, is a five member board comprised of the three Township trustees, the Township fiscal officer, and one Township official. The CIC derives the major source of its revenues from Union Township in the form of capital and cash contributions. The CIC fosters economic development in the Township. The CIC works with the Township in many aspects of the overall adopted economic development strategy of the Township with its current efforts focused on facilitating industrial and retail development. Financial statements related to the CIC can be obtained from the Township Planning and Zoning Director. The Township has elected to present the cash basis activity for the CIC as part of the Special Revenue fund type of the Township.

***Jointly Governed Organizations***

The Township participates in jointly governed organizations. Note 13 to the financial statements provides additional information for these entities.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

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

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

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***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:

***Police District Fund*** The police district fund accounts for and reports that portion of property tax and intergovernmental monies restricted for the operation of the Township's police department.

***Fire District Fund*** The fire district fund accounts for and reports that portion of property tax and intergovernmental monies restricted for the operation of the Township's fire department.

***TIF Fund*** The TIF fund accounts for and reports that portion of payments in lieu of taxes under tax increment financing agreements on properties located within the Township restricted for the operation of the Township's TIF districts.

***Debt Service Funds*** These funds accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

***General Bond Retirement Fund*** The general bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the Township.

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

***Fire 49 Expansion Fund*** - The Fire 49 Fund received proceeds from the issuance of bonds which were used for constructing improvements to a Township fire station.

***McMann Road Project Fund*** - The McMann Road Project Fund received proceeds from the issuance of bonds which were used to purchase 16 acres for economic development and construction of a Township Service Garage and a West Clermont Local School District maintenance and service facility in accordance with an intergovernmental agreement.

***4357 Ferguson Fund*** - The 4357 Ferguson Fund received proceeds from the issuance of bonds which were used to purchase property at 4357 Ferguson Road. A portion of the property is provided for the use of the West Clermont Local School District in accordance with an intergovernmental agreement.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for employee deductions held to pay claims (Employee FSA accounts).

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Basis of Accounting***

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

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

***Budgetary Process***

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

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

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources. Advances in are not required to be budgeted.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 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.

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Fund Balance***

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

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

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

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

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,984,660	\$ 5,341,588	\$ 356,928
Special Revenue	26,893,935	28,095,379	1,201,444
Debt Service	26,719,441	26,719,441	-
Capital Projects	11,252,309	11,252,309	-
Total	\$ 69,850,345	\$ 71,408,717	\$ 1,558,372

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,987,337	\$ 5,885,330	\$ 1,102,007
Special Revenue	32,741,348	28,874,831	3,866,517
Debt Service	26,719,441	26,719,441	-
Capital Projects	11,252,309	10,845,197	407,112
Total	\$ 77,700,435	\$ 72,324,799	\$ 5,375,636

Advances in and out are not reflected in the tables above as they are not required to be budgeted. Activity of the CIC, a blended component unit of the Township, is also not presented in the tables above.

**Note 4 - Deposits and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2018 was as follows:

Demand deposits - Township	\$25,943,828
Demand deposits - CIC	252,495
Total deposits	\$26,196,323

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

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 6 - Risk Management**

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

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 local members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. OPERS law enforcement members contribute 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.



**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

***Ohio Police and Fire Retirement System***

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 9 - Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2016 Park National Bank Loan	\$ 760,707	3.01%
2017 Park National Bank Loan	2,209,730	4.16%
2018 Fire Station Improvement General Obligation Bonds	1,215,000	3.16%
2018 Taxable Special Obligation Revenue Bonds	3,285,000	4.36%
2018 Tax Exempt General Obligation Bonds	3,285,000	3.45%
2018 Taxable Special Obligation Revenue Bonds	3,000,000	4.18-4.90%
2018 Various Purpose General Obligation Bond Anticipation Notes	26,435,000	3.00%
	<u>\$ 40,190,437</u>	

The 2016 Park National Bank Loan was issued by the CIC in conjunction with a cooperative agreement with Union Township, Eastgate Brew and View, LLC and Park National Bank to provide additional funding to the developer for renovations and fixtures for the Eastgate Brew and View movie theater located within the Jungle Jim's International Marketplace and to retire the remaining balance outstanding for the 2015 promissory note. The note was issued on June 17, 2016 in the amount of \$2,600,000 and carries an interest rate of 3.01%. Additional payments in excess of the amounts required by the terms of the loan have been made to provide for early retirement. Repayment of the note is secured by a special revenue pledge of the Corporation.

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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The 2017 Park National Bank Loan was issued by the CIC to finance improvements made under a mortgage agreement entered into with the Mt. Carmel Brewery Company, LLC. The 2017 loan was issued on February 28, 2017 in the amount of \$2,500,000 and carries an interest rate of 4.16%. The terms of the loan require equal semi-annual payments of \$156,624 beginning December 1, 2017 through December 1, 2026 with a final payment due of \$143,499 on February 28, 2027. Repayment of the loan is secured by a leasehold mortgage from the Mt. Carmel Brewery Company, LLC, due to the Corporation.

The 2018 Fire Station Improvement General Obligation Bonds were issued by the Township to finance fire station improvements. The 2018 bonds were issued on January 12, 2018 in the amount of \$1,350,000 and carry an interest rate of 3.16%. The terms of the bonds require semi-annual interest and principal beginning June 1, 2018 through December 1, 2027 with a final payment due of \$68,569 on December 1, 2027.

The 2018 Taxable Special Revenue Obligation Bonds were issued by the Township to purchase 16 acres on McMann Road for economic development and construction of Township Service Garage and West Clermont Local School District Maintenance and Service Facility. The 2018 bonds were issued on March 29, 2018 in the amount of \$3,285,000 and carry an interest rate of 4.36%. The terms of the bonds require semi-annual payments of interest due on June 1 and December 1 commencing on June 1, 2018 and annual principal payments commencing on December 1, 2019, with a final payment of principal on December 1, 2033.

The 2018 Tax Exempt General Obligation Bonds were issued by the Township to purchase 16 acres on McMann Road for economic development and construction of Township Service Garage and West Clermont Local School District Maintenance and Service Facility. The 2018 bonds were issued on March 29, 2018 in the amount of \$3,285,000 and carry an interest rate of 3.45%. The terms of the bonds require semi-annual payments of interest due on June 1 and December 1 commencing on June 1, 2018 and annual principal payments commencing on December 1, 2019, with a final payment of principal on December 1, 2033.

The 2018 Taxable Special Obligation Revenue Acquisition and Improvement Bonds were issued by the Township for the purpose of purchasing property at 4357 Ferguson Road. The 2018 bonds were issued on September 12, 2018 in the amount of \$3,000,000 and carry an interest rate range of 4.18 – 4.90%. The terms of the bonds require semi-annual payments of interest due on June 1 and December 1 commencing on June 1, 2019 and annual principal payments commencing on December 1, 2019 with a final payment of principal on December 1, 2048.

The 2018 Various Purpose General Obligation Bond Anticipation Notes relate to the Township's capital improvements to its infrastructure, including Township park improvements, fire station improvements and road improvements. The notes were issued on September 6, 2018 in the amount of \$26,435,000 and are due, with interest, on September 6, 2019. Proceeds from the notes and other funds of the Township were used to retire \$27,550,000 Various Purpose General Obligation Bond Anticipation Notes issued in September 2017.

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

The future principal and interest requirements scheduled to retire the remaining long-term debt balances (excluding the 2018 Bond anticipation notes which are due on September 6, 2019) of the Township are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 982,106	\$565,907	\$ 1,548,013
2020	1,035,308	504,119	1,539,427
2021	1,008,999	469,877	1,478,876
2022	842,024	435,691	1,277,715
2023	812,765	403,982	1,216,747
2024-2028	4,039,235	1,511,534	5,550,769
2029-2033	3,035,000	855,646	3,890,646
2034-2038	515,000	441,051	956,051
2039-2043	655,000	302,575	957,575
2044-2048	830,000	125,685	955,685
Total	<u>\$13,755,437</u>	<u>\$5,616,067</u>	<u>\$19,371,504</u>

**Note 10 - Transfers**

The CIC is a blended component unit of the Township and is reported within the special revenue fund type of the Township. Activities of the CIC are primarily funded by transfers from the Township. In return, the CIC collects lease and mortgage payments as well as proceeds from the sales of assets, and transfers those funds to the Township. During 2018, the Township and the CIC transferred the following amounts:

<u>Transfer-Out Fund</u>	<u>Transfer-In Fund</u>	<u>Amount</u>
TIF Fund	CIC	\$1,298,555
4357 Ferguson Fund	CIC	3,000,000
JEDD Fund	CIC	130,000
CIC	General	2,196,713
Total Transfers		<u>\$6,625,268</u>

**Note 11 - Intergovernmental Agreement**

The Township has entered into an intergovernmental agreement with the Clermont County Transportation Improvement District (the District) to provide funding for the development and implementation of the District's projects, including those within the Township. The intergovernmental agreement provides \$100,000 per year to be paid to the District through the year 2036.

**Note 12 - Contract Postal Unit**

The Township has a contract with the United States Postal Service (USPS) to operate a contract postal unit (CPU). Under the contract, the Township purchases postage supplies, metered postage and stamps from stamp fulfillment services. The Township owns this inventory and is responsible for the proceeds from the sale of the inventory. The Township receives an 11 percent commission from the USPS on its CPU gross sales. Sale of the inventory is recorded as miscellaneous receipts in the General Fund and purchases of postage supplies are recorded as general government expenses in the General Fund.

**UNION TOWNSHIP**  
**Clermont County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 13 - Jointly Governed Organizations**

The Township has entered into five separate contracts pursuant to the authority of Ohio Revised Code 715.72 through 715.81 with the City of Milford to create the following Joint Economic Development Districts (JEDD):

- Ivy Pointe Joint Economic Development District – Created March 2007
- Jungle Jim’s Eastgate and Carepointe Clermont Joint Economic Development District – Created February 2012
- The Boys and Girls Club of Clermont County Joint Economic Development District – Created March 2013
- Mt. Carmel Brewing Company Joint Economic Development District – Created June 2013
- West Clermont High School Joint Economic Development District – Created February 2018

Each JEDD was created to promote economic development activities in certain geographic areas located in Union Township. Each JEDD consist of 5 board members, one member representing the City of Milford, one member representing the Township, one member representing the business owners located in the District, one member representing the persons working in the District and one member selected by the other members to serve as chairperson of the District Board. Each JEDD, pursuant to Revised Code 715.74, has implemented a 1.0% income tax. Net tax revenues of each JEDD are allocated 15% to the City and 85% to the Township. The City serves as fiscal agent for the JEDD. The contracts for creating each JEDD can be terminated at any time by mutual consent of the contracting parties.

**Note 14 - Special Improvement District**

In November 2013 the Township created a Special Improvement District (SID) for the purpose of applying a special assessment on the development known as the Jungle Jim’s International Marketplace (Jungle Jim’s). The creation of the SID was part of a conduit debt financing agreement between Jungle Jim’s, the Township, the Union Township CIC and the Clermont County Port Authority (Port).

The Port issued \$22,705,000 of Economic Development Special Obligation Bonds and purchased the property from Jungle Jim’s. The Bonds are secured by a pledge of the Township of the assessment proceeds of the SID. Assessments of the SID are structured and levied in order for the Township to collect and remit to the Port amounts equal to the annual debt service charges on the bonds, plus an amount not to exceed \$25,000 for annual administrative expenses of the SID over a period of 20 years. The Port, as collateral to the Township, transferred title of the property to the Union Township CIC.

**Note 15 - Contingent Liabilities**

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

# Bastin & Company, LLC

*Certified Public Accountants*

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

Union Township  
Clermont County  
4350 Aicholtz Road  
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Union Township, Clermont County, (the Township) as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated April 30, 2019 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Controls Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
April 30, 2019

# OHIO AUDITOR OF STATE KEITH FABER



**UNION TOWNSHIP**

**CLERMONT COUNTY**

### **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 11, 2019**