



OHIO AUDITOR OF STATE
KEITH FABER



**UNION TOWNSHIP
SCIOTO COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Union Township
Scioto County
50 Arion Road
McDermott, Ohio 45652

To the Board of Township Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 14 to the financial statements for each year, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
December 1, 2022

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$63,664	\$208,588			\$272,252
Charges for Services		40,694			40,694
Licenses, Permits and Fees		9,748			9,748
Intergovernmental	73,086	272,354		63,411	408,851
Earnings on Investments	764	133			897
Miscellaneous		19,373			19,373
<i>Total Cash Receipts</i>	<u>137,514</u>	<u>550,890</u>	<u>0</u>	<u>63,411</u>	<u>751,815</u>
Cash Disbursements					
Current:					
General Government	82,260	2,747			85,007
Public Safety		163,291			163,291
Public Works	1,127	128,068			129,195
Health		26,806			26,806
Capital Outlay		372,429		63,411	435,840
Debt Service:					
Principal Retirement		51,780	7,859		59,639
Interest and Fiscal Charges		11,299	3,046		14,345
<i>Total Cash Disbursements</i>	<u>83,387</u>	<u>756,420</u>	<u>10,905</u>	<u>63,411</u>	<u>914,123</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>54,127</u>	<u>(205,530)</u>	<u>(10,905)</u>	<u>0</u>	<u>(162,308)</u>
Other Financing Receipts (Disbursements)					
Loans Issued		301,252			301,252
Transfers In		0	10,654		10,654
Transfers Out	(10,654)	0			(10,654)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,654)</u>	<u>301,252</u>	<u>10,654</u>	<u>0</u>	<u>301,252</u>
<i>Net Change in Fund Cash Balances</i>	43,473	95,722	(251)	0	138,944
<i>Fund Cash Balances, January 1</i>	<u>124,533</u>	<u>527,376</u>	<u>251</u>	<u>0</u>	<u>652,160</u>
<i>Fund Cash Balances, December 31</i>	<u>\$168,006</u>	<u>\$623,098</u>	<u>\$0</u>	<u>\$0</u>	<u>\$791,104</u>

See accompanying notes to the basic financial statements

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Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Union Township, Scioto 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 and emergency medical services.

Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization is: Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all Townships for property and casualty insurance coverage.

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:

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

Fire Special Levy Fund The fire special levy fund receives property tax money to provide fire protection for the residents of the Township.

EMS Special Levy Fund The EMS special levy fund receives property tax money to provide EMS services for the residents of the township.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2021

Debt Service Funds These funds account 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:

Community Center Fund The community center fund accounts for and reports resources restricted for the retirement of debt issued to finance the Community Center.

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 fund:

Public Works Commission Project Fund The Township had joint paving projects with the Scioto County Engineer for paving and repairs to Wright's Run Road.

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.

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

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

A summary of the 2021 budgetary activity appears in Note 4.

Deposits

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2021

Capital Assets

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

Fund Balances

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.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2021

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gas Tax Fund by \$9,331; Road and Bridge Fund by 36,058; Cemetery Fund by 9,762; and Fire Special Levy Fund by \$58,182 for the year ended December 31, 2021.

Note 4 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,000	\$137,514	\$60,514
Special Revenue	334,481	852,142	517,661
Debt Service	10,906	10,654	(252)
Capital Projects	0	63,411	63,411
Total	\$422,387	\$1,063,721	\$641,334

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$166,116	\$99,138	\$66,978
Special Revenue	672,458	784,016	(111,558)
Debt Service	10,906	10,905	1
Capital Projects	0	63,411	(63,411)
Total	\$849,480	\$957,470	(\$107,990)

Note 5 – Deposits

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

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$791,104

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$0 in unremitted employee payroll withholdings.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2021

Deposits

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.

Note 6 – Property Taxes

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

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

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity'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>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Workers' Compensation

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.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

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

	<u>Principal</u>	<u>Original Interest Rate</u>
Wright's Run Road Loan # 1	\$23,720	5.00%
Blacktop Lease	44,405	3.44%
Fire Station Bonds	248,164	3.88%
Community Building Bonds	85,697	3.88%
2021 Ambulance Lease	256,752	3.41%
Wright's Run Road Loan # 2	44,161	5.64%
Total	<u>\$702,899</u>	

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2021

In March 2011, the Township authorized the issuance of bonds for the purpose of constructing and equipping a new fire station in the amount of \$450,000. Semi-annual installments of \$16,277 are required to repay these bonds for a period of 20 years. These bonds are secured by the full faith and credit of the Township. The interest rate is adjusted at five year intervals.

In October 2011, the Township authorized the issuance of bonds for the purpose of constructing a new community building in the amount of \$150,000. As of December 31, 2012, the Township had advanced the entire balance. After the first 6 months of the term, semi-annual installments are required to repay these bonds with a final payment due on April 30, 2032. For the first 6 months of the term, monthly amounts due represented only interest on the outstanding balance. These bonds are secured by the full faith and credit of the Township. The issuance includes a provision that the payment schedule will adjust on May 1, 2017; May 1, 2022; and May 1, 2027 based on the new interest rate so that the total payment (including principal and interest) will be level over the life of the bond.

In September 2015, the Township entered into a lease purchase agreement to finance paving and repairs to Cooper Road, Henry Cooper Road, Pleasant Hill Road and Mershon Road in the amount of \$100,000. Semi-annual installments of \$5,998 are required to repay this lease for a period of 10 years. This lease is secured by the full faith and credit of the Township. The issuance has a fixed interest rate of 3.44%.

On June 13, 2019, the Township entered into a loan agreement with Wesbanco Bank, Inc. The purpose of this loan is to cover their portion of the Ohio Public Works Grant to finance paving and repairs to Wright's Run Road in the amount of \$45,000. Semi-annual installments of \$5,101 are required to repay this loan for a period of 5 years. This loan is secured by the full faith and credit of the Township. The maturity date of the agreement is April 1, 2024.

On November 22, 2021, the Township entered into a loan with Wesbanco Bank, Inc. in the amount of \$45,000 with a fixed interest rate of 5.64% for the Township's portion of an Ohio Public Works Commission (OPWC) Project to finance the second half of Wright's Run Road improvement project. The loan has a four year term with monthly payment in the amount of \$1,051. The final payment is due on November 22, 2025. The note to finance this project is secured by the full faith and credit of the Township.

On December 8, 2021 the Township entered into a lease purchase agreement for the purpose of purchasing an ambulance for the Township's EMS in the amount of \$256,752. Annual installments of \$41,856 are required to repay the lease for a period of seven years with the final payment due on November 1, 2028. The equipment purchased serves as a security interest for the lease purchase agreement.

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

Year Ending	Wright's Run Road # 1	Blacktop Lease	Fire Station Bonds	Community Building Bonds	Wright's Run Road # 2	Ambulance Lease
December 31:						
2022	\$10,202	\$11,996	\$32,555	\$10,906	\$12,612	\$41,856
2023	10,202	11,996	32,555	10,906	12,612	41,856
2024	5,097	11,996	32,555	10,906	12,612	41,856
2025	0	11,996	32,555	10,906	11,561	41,856
2026	0	0	32,555	10,906	0	41,856
2027-2031	0	0	141,971	54,528	0	83,712
2032	0	0	0	5,443	0	0
Total	\$25,501	\$47,984	\$304,746	\$114,501	\$49,397	\$292,992

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2021

Note 11 – Contingent Liabilities

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

Note 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. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Outstanding Encumbrances	5,097	27,596			32,693
Total	\$5,097	\$27,596	\$0	\$0	\$32,693

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

Note 13 – Subsequent Events

On September 26, 2022 the Township received an Ohio Public Works Commission (OPWC) Grant for a one mile project on Conley Road totaling \$113,000. The Township’s portion of the project will be \$53,000.

On October 20, 2022 the Board of Township Trustees award a bid to SC Construction in the amount of \$109,337 for Chip and Seal Roadwork.

Note 14 – 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 2020 and 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$65,377	\$204,452			\$269,829
Charges for Services		41,838			41,838
Licenses, Permits and Fees		7,758			7,758
Intergovernmental	76,792	312,804			389,596
Earnings on Investments	1,584	288			1,872
Miscellaneous	475	14,800			15,275
<i>Total Cash Receipts</i>	<u>144,228</u>	<u>581,940</u>	<u>0</u>	<u>0</u>	<u>726,168</u>
Cash Disbursements					
Current:					
General Government	95,762	1,259			97,021
Public Safety		203,516			203,516
Public Works	992	133,521			134,513
Health		21,124			21,124
Capital Outlay		122,549			122,549
Debt Service:					
Principal Retirement		53,861	7,693		61,554
Interest and Fiscal Charges		13,509	3,484		16,993
<i>Total Cash Disbursements</i>	<u>96,754</u>	<u>549,339</u>	<u>11,177</u>	<u>0</u>	<u>657,270</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>47,474</u>	<u>32,601</u>	<u>(11,177)</u>	<u>0</u>	<u>68,898</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	7,255				7,255
Transfers In		3,205	10,906		14,111
Transfers Out	(10,906)	0		(3,205)	(14,111)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,651)</u>	<u>3,205</u>	<u>10,906</u>	<u>(3,205)</u>	<u>7,255</u>
<i>Net Change in Fund Cash Balances</i>	43,823	35,806	(271)	(3,205)	76,153
<i>Fund Cash Balances, January 1</i>	<u>80,710</u>	<u>491,570</u>	<u>522</u>	<u>3,205</u>	<u>576,007</u>
<i>Fund Cash Balances, December 31</i>	<u>\$124,533</u>	<u>\$527,376</u>	<u>\$251</u>	<u>\$0</u>	<u>\$652,160</u>

See accompanying notes to the basic financial statements

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Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Union Township, Scioto 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 and emergency medical services.

Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization is: Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all Townships for property and casualty insurance coverage.

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:

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

Fire Special Levy Fund The fire special levy fund receives property tax money to provide fire protection for the residents of the Township.

EMS Special Levy Fund The EMS special levy fund receives property tax money to provide EMS services for the residents of the township.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2020

Debt Service Funds These funds account 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:

Community Center Fund The community center fund accounts for and reports resources restricted for the retirement of debt issued to finance the Community Center.

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 fund:

Public Works Commission Project Fund The Township had joint paving projects with the Scioto County Engineer for paving and repairs to Wright's Run Road.

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.

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

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

A summary of the 2020 budgetary activity appears in Note 4.

Deposits

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2020

Capital Assets

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

Fund Balances

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.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2020

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$30,678; Fire Special Levy Fund by \$22,363; Permissive Motor Vehicle License Tax Fund by \$7,205; Coronavirus Relief Fund by \$2,182; Community Center Debt Service Fund by \$11,177; and Public Works Commission Project Fund by \$3,205 for the year ended December 31, 2020.

Note 4 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,645	\$151,483	\$76,838
Special Revenue	416,337	585,145	168,808
Debt Service	0	10,906	10,906
Capital Projects	0	0	0
Total	\$490,982	\$747,534	\$256,552

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,199	\$113,877	(\$30,678)
Special Revenue	724,923	583,655	141,268
Debt Service	0	11,177	(11,177)
Capital Projects	0	3,205	(3,205)
Total	\$808,122	\$711,914	\$96,208

Note 5 – Deposits

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

	2020
Cash Management Pool:	
Demand deposits	\$652,160

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

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2020

Deposits

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.

Note 6 – Property Taxes

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

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

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity'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>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Workers' Compensation

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.

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

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

	<u>Principal</u>	<u>Original Interest Rate</u>
Wright's Run Road (OPWC)	\$32,338	5.00%
Blacktop Lease	54,585	3.44%
Fire Station Bonds	270,658	3.88%
Community Building Bonds	93,557	3.88%
2016 Ford Truck	4,948	4.07%
Jaws of Life Cutter	4,701	5.69%
Total	<u>\$460,787</u>	

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2020

In March 2011, the Township authorized the issuance of bonds for the purpose of constructing and equipping a new fire station in the amount of \$450,000. Semi-annual installments of \$16,277 are required to repay these bonds for a period of 20 years. These bonds are secured by the full faith and credit of the Township. The interest rate is adjusted at five year intervals.

In October 2011, the Township authorized the issuance of bonds for the purpose of constructing a new community building in the amount of \$150,000. As of December 31, 2012, the Township had advanced the entire balance. After the first 6 months of the term, semi-annual installments are required to repay these bonds with a final payment due on April 30, 2032. For the first 6 months of the term, monthly amounts due represented only interest on the outstanding balance. These bonds are secured by the full faith and credit of the Township. The issuance includes a provision that the payment schedule will adjust on May 1, 2017; May 1, 2022; and May 1, 2027 based on the new interest rate so that the total payment (including principal and interest) will be level over the life of the bond.

In September 2015, the Township entered into a lease purchase agreement to finance paving and repairs to Cooper Road, Henry Cooper Road, Pleasant Hill Road and Mershon Road in the amount of \$100,000. Semi-annual installments of \$5,998 are required to repay this lease for a period of 10 years. This lease is secured by the full faith and credit of the Township. The issuance has a fixed interest rate of 3.44%.

On February 19, 2016, the Township entered into a lease-purchase agreement with Wesbanco Bank, Inc. The purpose of this lease-purchase agreement is to purchase a 2016 Ford truck for Township use. The Township's first payment of \$5,066 is due October 1, 2016. The maturity date of the agreement is April 30, 2021.

On, September 23, 2016, the Township entered into a contact with Republic First National Bank making payments to KS State Bank to purchase a Hurst Jaws of Life Cutter, (1) Spreader, One Telescoping Ram, One AC Adopter and Batteries and Chargers for the Fire Department in the amount of \$21,113. The Township's first of five payments in the amount of \$4,968 being made September 15, 2017. The maturity date of the agreement is September 15, 2021.

On June 13, 2019, the Township entered into a loan agreement with Wesbanco Bank, Inc. The purpose of this loan is to cover their portion of the Ohio Public Works Grant to finance paving and repairs to Wright's Run Road in the amount of \$45,000. Semi-annual installments of \$5,101 are required to repay this loan for a period of 5 years. This loan is secured by the full faith and credit of the Township. The maturity date of the agreement is April 1, 2024.

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

Year Ending	Wright's	Blacktop	Fire Station	Community	2016 Ford	Jaws of
December 31:	Run Road	Lease	Bonds	Building	Truck	Life
				Bonds		
2021	\$10,202	\$11,996	\$32,555	\$10,906	\$4,948	\$4,968
2022	10,202	11,996	32,555	10,906	0	0
2023	10,202	11,996	32,555	10,906	0	0
2024	5,097	11,996	32,555	10,906	0	0
2025	0	11,996	32,555	10,906	0	0
2026-2030	0	0	162,775	54,528	0	0
2031-2032	0	0	11,751	16,349	0	0
Total	\$35,703	\$59,980	\$337,301	\$125,407	\$4,948	\$4,968

Union Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2020

Note 11 – Contingent Liabilities

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

Note 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. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Outstanding Encumbrances	6,217	34,316			40,533
Total	\$6,217	\$34,316	\$0	\$0	\$40,533

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

Note 13 – Subsequent Events

On September 26, 2022 the Township received an Ohio Public Works Commission (OPWC) Grant for a one mile project on Conley Road totaling \$113,000. The Township’s portion of the project will be \$53,000.

On October 20, 2022 the Board of Township Trustees award a bid to SC Construction in the amount of \$109,337 for Chip and Seal Roadwork.

Note 14 – 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 2020 and 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

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

Union Township
Scioto County
50 Arion Road
McDermott, Ohio 45652

To the Board of Township Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Union Township, Scioto County, Ohio (the Township) and have issued our report thereon dated December 1, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
December 1, 2022

UNION TOWNSHIP
SCIOTO COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in internal control related to financial reporting, the Township misclassified and mis-posted various revenues and expenditures in the annual financial report submitted to the Auditor of State for fiscal years 2021 and 2020 as follows:

December 31, 2021 Financial Statements:

- Homestead and Rollback receipts in the amount of \$12,007 were recorded in the General Fund as Tax receipts instead of Intergovernmental receipts.
- EMS Special Levy Fund Charges for Services receipts in the amount of \$2,216 were recorded in the General Fund as Intergovernmental Receipts instead of in the EMS Special Levy Fund as Charges for Services receipts.
- On behalf of payments for an OPWC project were not recorded. This resulted in an understatement of Intergovernmental Receipts and Capital Outlay disbursements in the amount of \$63,411.
- Capital Outlay disbursement in the amount of \$42,274 was recorded in the Road and Bridge Fund as Public Works instead of Capital Outlay.
- Proceeds of loan receipts in the amount of \$44,500 was recorded in the Road and Bridge Fund as Other Financing Sources instead of Proceeds of loan receipts.
- On behalf activity relating to a loan to purchase an ambulance were not recorded. This resulted in an understatement of Proceeds of Loans and Capital Outlay disbursements in the amount of \$256,752.

December 31, 2020 Financial Statements:

- Homestead and Rollback receipts in the amount of \$6,195 were recorded in the General Fund as Tax receipts instead of Intergovernmental receipts.
- Second half Homestead and Rollback receipts in the amount of \$5,673 were recorded in the General Fund instead of being properly allocated to the following funds: Road and Bridge Fund - \$1,098; Cemetery Fund - \$349; Fire Special Levy - \$2,724; and EMS Special Levy - \$1,502.
- Sale of Capital Assets receipts in the amount of \$7,255 were recorded in the General Fund as Intergovernmental receipts instead of Sale of Capital Assets receipts.
- Capital Outlay disbursement in the amount of \$11,176 was recorded in the EMS Special Levy Fund as Public Safety instead of Capital Outlay.

**FINDING NUMBER 2021-001
 (Continued)**

- Capital Outlay disbursement in the amount of \$23,454 was recorded in the Fire Special Levy Fund as Public Safety instead of Capital Outlay.
- Capital Outlay disbursement in the amount of \$19,655 was recorded in the Coronavirus Relief Fund as Public Safety instead of Capital Outlay.

The Township has adjusted the financial statements and accounting system, where appropriate, to correct these errors.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Township Fiscal Officer and Board of Trustees to identify and correct errors and omissions. We also recommend the Township Fiscal Officer refer to the Ohio Township Handbook and Auditor of State Bulletins 2000-008, 2002-004 and 2011-004 and also take due care in posting transactions in order to ensure the annual financial statements reflect the appropriate activity for the Township's receipts and disbursements.

FINDING NUMBER 2021-002

Noncompliance

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

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township had expenditures in excess of appropriations as follows:

December 31, 2021:

Fund	Appropriations	Expenditures	Variance
Gas Tax (2021)	\$95,405	\$104,736	(\$9,331)
Road and Bridge (2031)	27,796	63,853	(36,057)
Cemetery (2041)	17,269	27,031	(9,762)
Fire Special Levy (2191)	113,635	171,818	(58,183)
Public Works Commission Project (4401)	0	63,411	(63,411)

December 31, 2020:

Fund	Appropriations	Expenditures	Variance
General (1000)	\$83,199	\$113,877	(\$30,678)
Fire Special Levy (2191)	158,193	180,555	(22,362)
Permissive Motor Vehicle License Tax (2231)	15,863	23,067	(7,204)
Coronavirus Relief (2272)	83,622	85,804	(2,182)
Community Center (3101)	0	11,177	(11,177)
Public Works Commission Project (4401)	0	3,205	(3,205)

**FINDING NUMBER 2021-002
(Continued)**

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

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

Official's Responses:

We did not receive responses from Officials to these findings.

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**Union Township
Scioto County**

50 Arion Road
McDermott, OH 45652

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness – Financial Reporting	Not Corrected	Reissued as Finding 2021-001
2019-002	Noncompliance Citation – Ohio Rev. Code Section 5705.39	Partially Corrected	Reissued in Management Letter

OHIO AUDITOR OF STATE KEITH FABER



UNION TOWNSHIP

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/29/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov