



OHIO AUDITOR OF STATE  
**KEITH FABER**





**KNOX TOWNSHIP  
COLUMBIANA COUNTY  
DECEMBER 31, 2019 AND 2108**

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**KNOX TOWNSHIP  
COLUMBIANA COUNTY  
DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITOR'S REPORT

Knox Township  
Columbiana County  
PO Box 73  
Homeworth, Ohio 44634

To the Board of Trustees:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Knox Township, Columbiana County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 such 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Knox Township, Columbiana County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Homeworth Fire District, North Georgetown Fire District (2018), Road Levy- Road and Equipment, Permissive Motor Vehicle License Tax (2019) and Road Levy – Equipment Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

September 28, 2020

**Knox Township**  
*Columbiana County*  
*Statement of Net Position - Cash Basis*  
*December 31, 2019*

	<b>Governmental Activities</b>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$752,189
Total Assets	752,189
<b>Net Position</b>	
Restricted for:	
Permanent Fund: Cemetery Bequest	
Expendable	23
Nonexpendable	2,935
Other Purposes	639,911
Unrestricted	109,320
Total Net Position	\$752,189

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County*  
*Statement of Activities - Cash Basis*  
*December 31, 2019*

		<b>Program Cash Receipts</b>		<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
<b>Governmental Activities</b>	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
Current:				
General Government	\$121,794			(\$121,794)
Public Safety	219,001			(219,001)
Public Works	494,265		\$182,868	(311,397)
Health	43,965			(43,965)
Other		\$29,200		29,200
Capital Outlay	283,081			(283,081)
Debt Service:				
Principal Retirement	4,400			(4,400)
Interest and Fiscal Charges	1,987			(1,987)
<b>Totals</b>	<b>1,168,493</b>	<b>29,200</b>	<b>182,868</b>	<b>(956,425)</b>
		<b>General Receipts:</b>		
				658,208
				59,276
				22,025
				7,877
				10,720
				758,106
				(198,319)
				950,508
				<b>\$752,189</b>

See accompanying notes to the basic financial statements.



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**Knox Township**  
 Columbiana County  
 Statement of Assets and Fund Balances - Cash Basis  
 December 31, 2019

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	HOMEWORTH FIRE DISTRICT	ROAD LEVY - ROAD AND EQUIP
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$109,320	\$100,517	\$219,176		\$195,721
<i>Total Assets</i>	<u>\$109,320</u>	<u>\$100,517</u>	<u>\$219,176</u>	<u>\$0</u>	<u>\$195,721</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable					
Restricted		\$100,517	\$219,176		\$195,721
Assigned	\$66,247				
Unassigned	43,073				
<i>Fund Cash Balances, December 31</i>	<u>\$109,320</u>	<u>\$100,517</u>	<u>\$219,176</u>	<u>\$0</u>	<u>\$195,721</u>

See accompanying notes to the basic financial statements.

PERMISSIVE MOTOR VEH LICENSE	ROAD LEVY - EQUIPMENT	Other Governmental Funds	Total Governmental Funds
\$70,330	\$11,843	\$45,282	\$752,189
<u>\$70,330</u>	<u>\$11,843</u>	<u>\$45,282</u>	<u>\$752,189</u>
		\$2,958	\$2,958
\$70,330	\$11,843	42,324	\$639,911
			\$66,247
			\$43,073
<u>\$70,330</u>	<u>\$11,843</u>	<u>\$45,282</u>	<u>\$752,189</u>

**Knox Township**  
 Columbiana County, Ohio  
 Statement of Receipts, Disbursement and Changes in Fund Balance - Cash Basis  
 Governmental Funds  
 For the Year Ended December 31, 2019

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	HOMEWORTH FIRE DISTRICT
<b>Receipts</b>				
Property and Other Local Taxes	\$64,472		\$193,417	\$106,394
Licenses, Permits and Fees	22,200			
Intergovernmental	69,413	\$120,974	28,295	15,481
Special Assessments				
Earnings on Investments	5,734	1,007		
Miscellaneous	5,839	458	3,027	838
<i>Total Receipts</i>	<u>167,658</u>	<u>122,439</u>	<u>224,739</u>	<u>122,713</u>
<b>Disbursements</b>				
Current:				
General Government	118,985			
Public Safety				122,713
Public Works	3,932	116,671	231,986	
Health	37,927			
Capital Outlay	0		811	
Debt Service:				
Principal Retirement	4,400			
Interest and Fiscal Charges	1,987			
<i>Total Disbursements</i>	<u>167,231</u>	<u>116,671</u>	<u>232,797</u>	<u>122,713</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>427</u>	<u>5,768</u>	<u>(8,058)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			22,025	
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>22,025</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	427	5,768	13,967	0
Fund Balances Beginning of Year	108,893	94,749	205,209	0
<i>Fund Balances End of Year</i>	<u>\$109,320</u>	<u>\$100,517</u>	<u>\$219,176</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

<b>ROAD LEVY - ROAD AND EQUIP</b>	<b>PERMISSIVE MOTOR VEH LICENSE</b>	<b>ROAD LEVY - EQUIPMENT</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$134,129			\$83,692	\$582,104
4,328	\$37,269		\$4,280	26,480
			36,663	312,423
	789		6,530	6,530
			347	7,877
			2,573	12,735
<u>\$138,457</u>	<u>38,058</u>	<u>\$0</u>	<u>134,085</u>	<u>948,149</u>
2,809				121,794
74,290	41,062		96,288	219,001
			26,324	494,265
		282,270	6,038	43,965
				283,081
				4,400
				1,987
<u>77,099</u>	<u>41,062</u>	<u>282,270</u>	<u>128,650</u>	<u>1,168,493</u>
<u>61,358</u>	<u>(3,004)</u>	<u>(282,270)</u>	<u>5,435</u>	<u>(220,344)</u>
				22,025
<u>0</u>	<u>0</u>		<u>0</u>	<u>22,025</u>
61,358	(3,004)	(282,270)	5,435	(198,319)
134,363	73,334	294,113	39,847	950,508
<u>\$195,721</u>	<u>\$70,330</u>	<u>\$11,843</u>	<u>\$45,282</u>	<u>\$752,189</u>

**Knox Township**  
Columbiana County, Ohio  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2019

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property and Other Local Taxes	\$60,000	\$64,471	\$64,472	\$1
Licenses, Permits and Fees	18,500	22,200	22,200	0
Intergovernmental	57,451	70,001	69,413	(588)
Earnings on Investments	200	5,260	5,734	474
Miscellaneous	2,750	5,900	5,839	(61)
<i>Total Receipts</i>	<u>138,901</u>	<u>167,832</u>	<u>167,658</u>	<u>(174)</u>
<b>Disbursements</b>				
Current:				
General Government	154,420	154,420	118,985	35,435
Public Works	11,850	11,650	3,932	7,718
Health	44,875	44,875	37,927	6,948
Capital Outlay	2,000	2,000		2,000
Debt Service:				
Principal Retirement	5,000	4,400	4,400	0
Interest and Fiscal Charges	1,200	2,000	1,987	13
<i>Total Disbursements</i>	<u>219,345</u>	<u>219,345</u>	<u>167,231</u>	<u>52,114</u>
<i>Net Change in Fund Balance</i>	<u>(80,444)</u>	<u>(51,513)</u>	<u>427</u>	<u>51,940</u>
Unencumbered Fund Balance Beginning of Year	108,893	108,893	108,893	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$28,449</u></u>	<u><u>\$57,380</u></u>	<u><u>\$109,320</u></u>	<u><u>\$51,940</u></u>

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Major Fund - Gax Tax*  
*For the Year Ended December 31, 2019*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Intergovernmental	\$91,000	\$106,542	\$120,974	\$14,432
Earnings on Investments	25	919	1,007	88
Miscellaneous	750	750	458	(292)
<i>Total Receipts</i>	<u>91,775</u>	<u>108,211</u>	<u>122,439</u>	<u>14,228</u>
<b>Disbursements</b>				
Current:				
Public Works	186,250	186,250	121,671	64,579
<i>Total Disbursements</i>	<u>186,250</u>	<u>186,250</u>	<u>121,671</u>	<u>64,579</u>
<i>Net Change in Fund Balance</i>	<u>(94,475)</u>	<u>(78,039)</u>	<u>768</u>	<u>78,807</u>
Unencumbered Fund Balance Beginning of Year	94,749	94,749	94,749	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$274</u></u>	<u><u>\$16,710</u></u>	<u><u>\$95,517</u></u>	<u><u>\$78,807</u></u>

See accompanying notes to the basic financial statements.

**Knox Township**  
Columbiana County, Ohio  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Major Fund - Road and Bridge  
For the Year Ended December 31, 2019

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property and Other Local Taxes	\$181,000	\$193,416	\$193,417	\$1
Intergovernmental	27,500	28,295	28,295	0
Miscellaneous	2,500	24,772	25,052	280
<i>Total Receipts</i>	<u>211,000</u>	<u>246,483</u>	<u>246,764</u>	<u>281</u>
<b>Disbursements</b>				
Current:				
Public Works	411,750	411,750	240,051	171,699
Capital Outlay	2,500	2,500	811	1,689
<i>Total Disbursements</i>	<u>414,250</u>	<u>414,250</u>	<u>240,862</u>	<u>173,388</u>
<i>Net Change in Fund Balance</i>	<u>(203,250)</u>	<u>(167,767)</u>	<u>5,902</u>	<u>173,669</u>
Unencumbered Fund Balance Beginning of Year	205,209	205,209	205,209	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$1,959</u></u>	<u><u>\$37,442</u></u>	<u><u>\$211,111</u></u>	<u><u>\$173,669</u></u>

See accompanying notes to the basic financial statements.



**Knox Township**  
*Columbiana County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Major Fund - Fire District - Homeworth*  
*For the Year Ended December 31, 2019*

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$98,800	\$106,394	\$106,394	\$0
Intergovernmental	16,000	16,000	15,481	(519)
Miscellaneous	0	838	838	0
<i>Total Receipts</i>	<u>114,800</u>	<u>123,232</u>	<u>122,713</u>	<u>(519)</u>
<b>Disbursements</b>				
Current:				
General Government	2,750			
Public Safety	112,050	123,232	122,713	519
<i>Total Disbursements</i>	<u>114,800</u>	<u>123,232</u>	<u>122,713</u>	<u>519</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Fund Balance Beginning of Year	0	0	0	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County, Ohio*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**Major Fund - Road and Equipment**  
*For the Year Ended December 31, 2019*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property and Other Local Taxes	\$110,300	\$134,128	\$134,129	\$1
Intergovernmental	20,000	20,000	4,328	(15,672)
<i>Total Receipts</i>	<u>130,300</u>	<u>154,128</u>	<u>138,457</u>	<u>(15,671)</u>
<b>Disbursements</b>				
Current:				
General Government	5,500	5,500	2,809	2,691
Public Works	180,000	180,000	74,290	105,710
Capital Outlay	79,000	79,000	77,099	79,000
<i>Total Disbursements</i>	<u>264,500</u>	<u>264,500</u>	<u>77,099</u>	<u>187,401</u>
<i>Net Change in Fund Balance</i>	<u>(134,200)</u>	<u>(110,372)</u>	<u>61,358</u>	<u>171,730</u>
Unencumbered Fund Balance Beginning of Year	134,363	134,363	134,363	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$163</u></u>	<u><u>\$23,991</u></u>	<u><u>\$195,721</u></u>	<u><u>\$171,730</u></u>

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County, Ohio*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**Major Fund - Permissive Motor Vehicle License Tax**  
*For the Year Ended December 31, 2019*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Intergovernmental	\$38,500	\$38,500	\$37,269	(\$1,231)
Miscellaneous	20	728	789	61
<i>Total Receipts</i>	<u>38,520</u>	<u>39,228</u>	<u>38,058</u>	<u>(1,170)</u>
<b>Disbursements</b>				
Current:				
Public Works	111,800	111,800	46,062	65,738
<i>Total Disbursements</i>	<u>111,800</u>	<u>111,800</u>	<u>46,062</u>	<u>65,738</u>
<i>Net Change in Fund Balance</i>	<u>(73,280)</u>	<u>(72,572)</u>	<u>(8,004)</u>	<u>64,568</u>
Unencumbered Fund Balance Beginning of Year	73,334	73,334	73,334	0
<i>Unencumbered Balance End of Year</i>	<u>\$54</u>	<u>\$762</u>	<u>\$65,330</u>	<u>\$64,568</u>

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Major Fund - Road Levy - Equipment*  
*For the Year Ended December 31, 2019*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Intergovernmental	\$0	\$0	\$0	\$0
<i>Total Receipts</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Capital Outlay	282,270	282,270	282,270	0
<i>Total Disbursements</i>	<u>282,270</u>	<u>282,270</u>	<u>282,270</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(282,270)</u>	<u>(282,270)</u>	<u>(282,270)</u>	<u>0</u>
Unencumbered Fund Balance Beginning of Year	294,113	294,113	294,113	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$11,843</u></u>	<u><u>\$11,843</u></u>	<u><u>\$11,843</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 1 – Reporting Entity**

Knox Township, Columbiana County, Ohio (the Township), is a body political and corporate established in 1808 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Homeworth Volunteer Fire Company and the North Georgetown Volunteer Fire Department for fire protection. Police protection is provided by the Columbiana County Sheriff's Department.

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**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

***Basis of Presentation***

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Knox Township**  
*Columbiana County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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The statement of net position presents the cash and investment balances of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

***Fund Financial Statements*** During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

***Fund Accounting***

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental.

***Governmental Funds*** The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds

General Fund - The General Fund is the general operating account. It is used to account for all financial resources except those required to be accounted for 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.

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Homeworth Fire District Fund - This fund receives levied tax money for providing fire protection services.

Road/Equipment Levy (2191)- This fund receives levied tax money for the purchase and/or repair of township equipment, but has been replaced by a replacement levy in tax year 2017 and collected in 2018.

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Road/Equipment Levy (2192)— This fund receives levied tax money for the purpose of constructing, maintaining and repairing township, bridges, and equipment.

Permissive Motor Veh. License Fund — This fund receives license tax monies for constructing, maintaining, and repair of township roads and equipment.

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

***Basis of Accounting***

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**Knox Township**  
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***Cash and Investments***

Township records identify the purchase of specific investments by specific funds.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2019, the Township invested in nonnegotiable certificates of deposit and a sweep account. The nonnegotiable certificates of deposit and sweep account are reported at cost. The account's are recorded at the amount reported by *Farmers National Bank* on December 31, 2019.

***Restricted Assets***

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

***Employer Contributions to Cost-Sharing Pension Plans***

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

***Long-Term Obligations***

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.



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***Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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 contained 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.

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***Interfund Transactions***

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3– Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, Gas Tax Fund, Road and Bridge Fund, Homeworth Fire District Fund, North Georgetown Fire District Fund, Road Levy – Equipment (2191), Road Levy (2192) Fund and Permissive MVL Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis (are):

1. Outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis).
2. Outstanding year-end balances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of modified receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

The encumbrances outstanding at year-end (budgetary basis) amounted to \$0 for the general fund.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end, the Township had \$0 in undeposited cash on hand.

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***Deposits***

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***Investments***

***Interest Rate Risk*** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

***Credit Risk*** The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement, federal national mortgage association notes, federal home loan mortgage corporation notes, and the federal home loan bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

***Concentration of Credit Risk*** The Township places no limit on the amount it may invest in any one issuer.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

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2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes, which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2019, was \$9.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

General	\$	0.80
Road and Bridge	\$	2.40
Homeworth Fire District	\$	2.50
North Georgetown Fire District	\$	2.50
Road Improvement	\$	1.50
Total	\$	9.70

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 6 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the Township contracted with the Ohio Bureau of Workers' Compensation for injuries to employees and Ohio Plan for property and liability insurance coverage.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township carries a group health insurance plan for all eligible employees through Anthem.

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**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension Plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years After January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit Or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of Service for the first 30 years and 2.5% For service years, in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit Or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit Or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety &amp; Law Enforcement</b>	<b>Public Safety &amp; Law Enforcement</b>	<b>Public Safety &amp; Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of Service for the first 25 years and 2.1% For service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members.

For the year ended December 31, 2019, members in the state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2019, member and employer contribution rates were consistent across all three plans.

The Township's 2019 contribution rate was 14.0 percent. These rates were determined by OPER Board and has no maximum rate established by ORC. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

**Note 8- Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which funded 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 of both the traditional pension and the combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.



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In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2019, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust 401(h) Trust and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 2.0 percent for both the Traditional and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2019 was 4.0 percent.

**Note 9 - Notes Payable**

In Calendar year 2018, Knox Township entered into an agreement for Township Equipment Bonds, Series 2018 for the purchase of early warning sirens. Total Notes (Bonds) payable as of December 31, 2019 is \$47,600.

	Outstanding 12/31/2018	Additions	Deletions	Outstanding 12/31/2019
<b>Governmental Activities</b>				
Equipment Bonds, Series 2018	\$ 52,000.00	0	\$ 4,400.00	\$ 47,600.00

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

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**Note 10 – Fund Balances**

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental Funds and all other governmental funds as presented below:

Fund Balances	General	Gasoline Tax	Road and Bridge	Road Levy Improvements	Permissive MVL Tax	Road Levy Equipment	Other Governmental Funds	Total
<b>Nonspendable</b>								
Cemetery Endowment							\$2,958	\$2,958
								0
<i>Total Nonspendable</i>	0	0	0	0	0		2,958	2,958
<b>Restricted for</b>								
Road and Bridge		100,517	219,176	195,721	70,330	11,843	36,127	633,714
Drug and Alcohol							5	5
Cemetery							2,954	2,954
Street Lighting							3,238	3,238
<i>Total Restricted</i>	0	100,517	219,176	195,721	70,330	11,843	42,324	639,911
<b>Committed to</b>								0
<b>Assigned</b>	66,247							66,247
<b>Unassigned (Deficit)</b>	43,073							43,073
<i>Total Fund Balances</i>	\$109,320	\$100,517	\$219,176	\$195,721	\$70,330	\$11,843	\$45,282	\$752,189

**Note 11 – Contractual Commitments**

There was one (1) outstanding purchase order in the amount of \$ 18,064.60 to Compass Minerals for the purchase of ice control road salt as of December 31, 2019.

**Note 12 – Contingent Liabilities**

There were no known pending lawsuits or contingent liabilities as of December 31, 2019.

**Note 13 – Public Entity Risk Pool**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**Knox Township**  
*Columbiana County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 14- Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**Knox Township**  
*Columbiana County*  
*Statement of Net Position - Cash Basis*  
*December 31, 2018*

	<b>Governmental Activities</b>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$950,508
Total Assets	\$950,508
 <b>Net Position</b>	
Restricted for:	
Permanent Fund: Cemetery Bequest	
Expendable	11
Nonexpendable	2,936
Other Purposes	838,668
Unrestricted	108,893
Total Net Position	\$950,508

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County*  
*Statement of Activities - Cash Basis*  
*December 31, 2018*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
General Government	\$123,113	0	0	(\$123,113)
Public Safety	224,666	0	0	(224,666)
Public Works	326,964	0	171,664	(155,300)
Health	40,792	0	0	(40,792)
Other	0	27,727	0	27,727
Capital Outlay	61,758	0	0	(61,758)
<i>Total Governmental Activities</i>	<u>777,293</u>	<u>27,727</u>	<u>171,664</u>	<u>(577,902)</u>
		<b>General Receipts:</b>		
		Property Taxes		651,104
		Grants and Entitlements not Restricted to Specific Programs		67,041
		Sale of Bonds		52,000
		Earnings on Investments		471
		Miscellaneous		16,189
		<i>Total General Receipts, Contributions to Permanent Fund,</i>		<u>786,805</u>
		<i>Change in Net Position</i>		208,903
		Net Position Beginning of Year		741,605
		<i>Net Position End of Year</i>		<u>\$950,508</u>

See accompanying notes to the basic financial statements.

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**Knox Township**  
*Columbiana County*  
**Statement of Assets and Fund Balances - Cash Basis**  
**December 31, 2018**

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	HOMEWORTH FIRE DISTRICT	N. GEORGETOWN FIRE DISTRICT
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$108,893	\$94,749	\$205,209		
<i>Total Assets</i>	<u>\$108,893</u>	<u>\$94,749</u>	<u>\$205,209</u>	<u>\$0</u>	<u>\$0</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable					
Restricted		\$94,749	\$205,209		
Assigned	\$92,655				
Unassigned	16,238				
<i>Fund Cash Balances, December 31</i>	<u>\$108,893</u>	<u>\$94,749</u>	<u>\$205,209</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.



ROAD LEVY EQUIPMENT	ROAD LEVY - ROAD AND EQUIPMENT	Other Governmental Funds	Total Governmental Funds
\$294,113	\$134,363	\$113,181	\$950,508
\$294,113	\$134,363	\$113,181	\$950,508
		\$2,947	\$2,947
\$294,113	\$134,363	110,234	838,668
			92,655
			16,238
\$294,113	\$134,363	\$113,181	\$950,508

**Knox Township**  
Columbiana County, Ohio  
Statement of Receipts, Disbursement and Changes in Fund Balance - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2018

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE
<b>Receipts</b>			
Property and Other Local Taxes	\$63,726		\$191,176
Licenses, Permits and Fees	21,098		
Intergovernmental	78,351	\$98,538	29,264
Special Assessments			
Earnings on Investments	370	45	
Miscellaneous	6,060	365	8,822
<i>Total Receipts</i>	<u>169,605</u>	<u>98,948</u>	<u>229,262</u>
<b>Disbursements</b>			
Current:			
General Government	119,042		
Public Safety			
Public Works	244	74,594	197,226
Health	37,680		
Capital Outlay	59,688		946
<i>Total Disbursements</i>	<u>216,654</u>	<u>74,594</u>	<u>198,172</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(47,049)</u>	<u>24,354</u>	<u>31,090</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Bonds	52,000		
<i>Total Other Financing Sources (Uses)</i>	<u>52,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	4,951	24,354	31,090
Fund Balances Beginning of Year	103,942	70,395	174,119
<i>Fund Balances End of Year</i>	<u>\$108,893</u>	<u>\$94,749</u>	<u>\$205,209</u>

See accompanying notes to the basic financial statements.

HOMEWORTH FIRE DISTRICT	N. GEORGE- TOWN FIRE DISTRICT	ROAD LEVY - EQUIPMENT	ROAD LEVY - ROAD AND EQUIP	Other Governmental Funds	Total Governmental Funds
\$104,434	\$83,390		\$132,748		\$575,474
				\$2,410	23,508
25,023	11,962		4,401	62,661	310,200
				6,024	6,024
				56	471
653	489			2,130	18,519
<u>130,110</u>	<u>95,841</u>	<u>\$0</u>	<u>137,149</u>	<u>73,281</u>	<u>934,196</u>
645	640		2,786		123,113
129,465	95,201				224,666
				54,900	326,964
				3,112	40,792
		1,124			61,758
<u>130,110</u>	<u>95,841</u>	<u>1,124</u>	<u>2,786</u>	<u>58,012</u>	<u>777,293</u>
<u>0</u>	<u>0</u>	<u>(1,124)</u>	<u>134,363</u>	<u>15,269</u>	<u>156,903</u>
					52,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,000</u>
0	0	(1,124)	134,363	15,269	208,903
0	0	295,237	0	97,912	741,605
<u>\$0</u>	<u>\$0</u>	<u>\$294,113</u>	<u>\$134,363</u>	<u>\$113,181</u>	<u>\$950,508</u>

**Knox Township**  
*Columbiana County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2018*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property and Other Local Taxes	\$59,700	\$63,826	\$63,726	(\$100)
Licenses, Permits and Fees	18,000	21,098	21,098	0
Intergovernmental	55,134	78,983	78,351	(632)
Earnings on Investments	175	337	370	33
Miscellaneous	2,150	5,925	6,060	135
<i>Total Receipts</i>	<u>135,159</u>	<u>170,169</u>	<u>169,605</u>	<u>(564)</u>
<b>Disbursements</b>				
Current:				
General Government	144,743	145,993	119,042	26,951
Public Works	12,050	9,300	244	9,056
Health	43,900	43,900	37,680	6,220
Capital Outlay	2,000	61,294	59,688	1,606
<i>Total Disbursements</i>	<u>202,693</u>	<u>260,487</u>	<u>216,654</u>	<u>43,833</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Bonds	0	52,000	52,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>52,000</u>	<u>52,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(67,534)</u>	<u>(38,318)</u>	<u>4,951</u>	<u>43,269</u>
Unencumbered Fund Balance Beginning of Year	103,942	103,942	103,942	0
<i>Unencumbered Balance End of Year</i>	<u>\$36,408</u>	<u>\$65,624</u>	<u>\$108,893</u>	<u>\$43,269</u>

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Major Fund - Gax Tax*  
*For the Year Ended December 31, 2018*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Intergovernmental	\$90,500	\$98,538	\$98,538	\$0
Earnings on Investments	25	41	45	4
Miscellaneous		365	365	0
<i>Total Receipts</i>	<u>90,525</u>	<u>98,944</u>	<u>98,948</u>	<u>4</u>
<b>Disbursements</b>				
Current:				
Public Works	152,500	152,500	74,594	77,906
<i>Total Disbursements</i>	<u>152,500</u>	<u>152,500</u>	<u>74,594</u>	<u>77,906</u>
<i>Net Change in Fund Balance</i>	<u>(61,975)</u>	<u>(53,556)</u>	<u>24,354</u>	<u>77,910</u>
Unencumbered Fund Balance Beginning of Year	70,395	70,395	70,395	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$8,420</u></u>	<u><u>\$16,839</u></u>	<u><u>\$94,749</u></u>	<u><u>\$77,910</u></u>

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Major Fund - Road and Bridge*  
*For the Year Ended December 31, 2018*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property and Other Local Taxes	\$181,000	\$191,175	\$191,176	\$1
Intergovernmental	27,500	28,264	28,264	0
Miscellaneous	1,250	9,647	9,822	175
<i>Total Receipts</i>	<u>209,750</u>	<u>229,086</u>	<u>229,262</u>	<u>176</u>
<b>Disbursements</b>				
Current:				
Public Works	381,869	381,869	197,226	184,643
Capital Outlay	2,000	2,000	946	1,054
<i>Total Disbursements</i>	<u>383,869</u>	<u>383,869</u>	<u>198,172</u>	<u>185,697</u>
<i>Net Change in Fund Balance</i>	<u>(174,119)</u>	<u>(154,783)</u>	<u>31,090</u>	<u>185,873</u>
Unencumbered Fund Balance Beginning of Year	174,119	174,119	174,119	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$19,336</u></u>	<u><u>\$205,209</u></u>	<u><u>\$185,873</u></u>

See accompanying notes to the basic financial statements.

**Knox Township**  
Columbiana County, Ohio  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Major Fund - Fire District - Homeworth  
For the Year Ended December 31, 2018

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property and Other Local Taxes	\$98,300	\$104,434	\$104,434	\$0
Intergovernmental	16,000	16,000	15,558	(442)
Miscellaneous		10,118	10,118	0
<i>Total Receipts</i>	<u>114,300</u>	<u>130,552</u>	<u>130,110</u>	<u>(442)</u>
<b>Disbursements</b>				
Current:				
General Government	2,500	645	645	
Public Safety	111,800	129,670	129,465	205
<i>Total Disbursements</i>	<u>114,300</u>	<u>130,315</u>	<u>130,110</u>	<u>205</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>237</u>	<u>0</u>	<u>(237)</u>
Unencumbered Fund Balance Beginning of Year	0	0	0	0
<i>Unencumbered Balance End of Year</i>	<u>\$0</u>	<u>\$237</u>	<u>\$0</u>	<u>(\$237)</u>

See accompanying notes to the basic financial statements.

**Knox Township**  
Columbiana County, Ohio  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Major Fund - Fire District - North Georgetown  
For the Year Ended December 31, 2018

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property and Other Local Taxes	\$76,700	\$83,390	\$83,390	\$0
Intergovernmental	12,000	12,000	11,962	(38)
Miscellaneous		489	489	0
<i>Total Receipts</i>	<u>88,700</u>	<u>95,879</u>	<u>95,841</u>	<u>(38)</u>
<b>Disbursements</b>				
Current:				
General Government	2,000	640	640	
Public Safety	86,700	95,239	95,201	38
<i>Total Disbursements</i>	<u>88,700</u>	<u>95,879</u>	<u>95,841</u>	<u>38</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Fund Balance Beginning of Year	0	0	0	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.



**Knox Township**  
*Columbiana County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Major Fund -Road Levy - Equipment*  
*For the Year Ended December 31, 2018*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Disbursements</b>				
Current:				
Public Works	\$25,000	\$15,000		\$15,000
Capital Outlay	270,237	280,237	280,215	22
<i>Total Disbursements</i>	<u>295,237</u>	<u>295,237</u>	<u>280,215</u>	<u>15,022</u>
<i>Net Change in Fund Balance</i>	<u>(295,237)</u>	<u>(295,237)</u>	<u>(280,215)</u>	<u>15,022</u>
Unencumbered Fund Balance Beginning of Year	295,237	295,237	295,237	0
<i>Unencumbered Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$15,022</u>	<u>\$15,022</u>

See accompanying notes to the basic financial statements.

**Knox Township**  
*Columbiana County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Major Fund - Road and Equipment*  
*For the Year Ended December 31, 2018*

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property and Other Local Taxes	\$110,300	\$132,748	\$132,748	\$0
Intergovernmental	20,000	20,000	4,401	(15,599)
<i>Total Receipts</i>	<u>130,300</u>	<u>152,748</u>	<u>137,149</u>	<u>(15,599)</u>
<b>Disbursements</b>				
Current:				
General Government	5,000	5,000	2,786	2,214
Public Works	120,300	120,300		120,300
Capital Outlay	5,000	5,000		5,000
<i>Total Disbursements</i>	<u>130,300</u>	<u>130,300</u>	<u>2,786</u>	<u>127,514</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>22,448</u>	<u>134,363</u>	<u>111,915</u>
Unencumbered Fund Balance Beginning of Year	0	0	0	0
<i>Unencumbered Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$22,448</u></u>	<u><u>\$134,363</u></u>	<u><u>\$111,915</u></u>

See accompanying notes to the basic financial statements.

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**Note 1 – Reporting Entity**

Knox Township, Columbiana County, Ohio (the Township), is a body political and corporate established in 1808 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Homeworth Volunteer Fire Company and the North Georgetown Volunteer Fire Department for fire protection. Police protection is provided by the Columbiana County Sheriff's Department.

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**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

***Basis of Presentation***

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

The statement of net position presents the cash and investment balances of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

***Fund Financial Statements*** During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

***Fund Accounting***

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental.

***Governmental Funds*** The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds

General Fund - The General Fund is the general operating account. It is used to account for all financial resources except those required to be accounted for 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.

Gasoline Tax Fund – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Homeworth Fire District Fund - This fund receives levied tax money for providing fire protection services.

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

North Georgetown Fire District Fund – This fund receives levied tax money for providing fire protection services.

Road/Equipment Levy (2191)– This fund receives levied tax money for the purchase and/or repair of township equipment, but has been replaced by a replacement levy in tax year 2017 and collected in 2018.

Road/Equipment Levy (2192)– This fund receives levied tax money for the purpose of constructing, maintaining and repairing township, bridges, and equipment and was implemented as a replacement levy in tax year 2017 and collected in 2018.

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

***Basis of Accounting***

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

***Cash and Investments***

Township records identify the purchase of specific investments by specific funds.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2018, the Township invested in nonnegotiable certificates of deposit and a sweep account. The nonnegotiable certificates of deposit and sweep account are reported at cost. The Township's accounts are recorded at the amount reported by *Farmers National Bank* on December 31, 2018.

***Restricted Assets***

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

***Employer Contributions to Cost-Sharing Pension Plans***

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**KNOX TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

***Long-Term Obligations***

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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 contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

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.

***Interfund Transactions***

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3– Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, Gas Tax Fund, Road and Bridge Fund, Homeworth Fire District Fund, North Georgetown Fire District Fund, Road Levy (2191) Fund, and Road Levy (2192) Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis (are):

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis).
2. Outstanding year end balances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of modified receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

The encumbrances outstanding at year end (budgetary basis) amounted to \$0 for the general fund and \$279,091.40 the Road & Equipment Levy (2191) Fund.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or money market deposit accounts.



**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

At year end, the Township had \$0 in undeposited cash on hand.

***Deposits***

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***Investments***

***Interest Rate Risk*** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

***Credit Risk*** The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement, federal national mortgage association notes, federal home loan mortgage corporation notes, and the federal home loan bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

***Concentration of Credit Risk*** The Township places no limit on the amount it may invest in any one issuer.

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2018, was \$9.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

General	\$	0.80
Road and Bridge	\$	2.40
Homeworth Fire District	\$	2.50
North Georgetown Fire District	\$	2.50
Road Improvement	\$	1.50
Total	\$	<u>9.70</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 6 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the Township contracted with the Ohio Bureau of Workers' Compensation for injuries to employees and Ohio Plan for property and liability insurance coverage.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

The Township carries a group health insurance plan for all eligible employees through Anthem.

**Note 7 – Defined Benefit Pension Plan**

*Ohio Public Employees Retirement System*

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension Plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**KNOX TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years After January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit Or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of Service for the first 30 years and 2.5% For service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b> <b>Age and Service Requirements:</b> Age 48 with 25 years of service credit Or Age 52 with 15 years of service credit	<b>Public Safety</b> <b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Public Safety</b> <b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b> <b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Law Enforcement</b> <b>Age and Service Requirements:</b> Age 48 with 25 years of service credit Or Age 52 with 15 years of service credit	<b>Law Enforcement</b> <b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety &amp; Law Enforcement</b> <b>Formula:</b> 2.5% of FAS multiplied by years of Service for the first 25 years and 2.1% For service years in excess of 25	<b>Public Safety &amp; Law Enforcement</b> <b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Public Safety &amp; Law Enforcement</b> <b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**KNOX TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members.

For the year ended December 31, 2018, members in the state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2018, member and employer contribution rates were consistent across all three plans.

The Township's 2018 contribution rate was 14.0 percent. These rates were determined by OPER Board and has no maximum rate established by ORC. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

**Note 8- Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**KNOX TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
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OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which funded 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 of both the traditional pension and the combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2018, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust 401(h) Trust and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 remained at 2.0 percent for both the Traditional and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2018 was 4.0 percent.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2018 and 2017 was \$-0-, respectively.

**KNOX TOWNSHIP  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**Note 9 - Notes Payable**

In Calendar year 2018. Knox Township entered into an agreement for Township Equipment Bonds, Series 2018 for the purchase of early warning sirens. Total Notes (Bonds) payable as of December 31, 2018 is \$52,000.

	Outstanding 12/31/2017	Additions	Deletions	Outstanding 12/31/2018
<b>Governmental Activities</b>				
Equipment Bonds, Series 2018	\$ -	52000	\$ -	\$ 52,000.00
	\$ -		\$ -	\$ -

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

**Note 10 – Fund Balances**

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Gasoline Tax	Road and Bridge	Road Levy(2191) Improvements	Road Levy Improvements	Other Governmental Funds	Total
<b>Nonspendable</b>							
Cemetery Endowment						\$2,947	\$2,947
<i>Total Nonspendable</i>	0	0	0	0	0	2,947	2,947
<b>Restricted for</b>							
Road and Bridge		94,749	205,209	294,113	134,363	104,907	833,341
Drug and Alcohol						5	5
Cemetery						2,697	2,697
Street Lighting						2,625	2,625
<i>Total Restricted</i>	0	94,749	205,209	294,113	134,363	110,234	838,668
<b>Committed to</b>							
<b>Assigned</b>	92,655						92,655
<b>Unassigned (Deficit)</b>	16,238						16,238
<i>Total Fund Balances</i>	\$108,893	\$94,749	\$205,209	\$294,113	\$134,363	\$113,181	\$950,508



**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

**Note 11 – Contractual Commitments**

There was one (1) outstanding purchase order in the amount of \$ 279,091.40 to Kenworth of Dayton for the purchase of two (2) 2019 T370 trucks as of December 31, 2018.

**Note 12 – Contingent Liabilities**

There were no known pending lawsuits or contingent liabilities as of December 31, 2018.

**Note 13 – Public Entity Risk Pool**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective

November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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# OHIO AUDITOR OF STATE KEITH FABER



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

Knox Township  
Columbiana County  
PO Box 73  
Homeworth, Ohio 44634

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 governmental activities, each major fund, and the aggregate remaining fund information of the Knox Township, Columbiana County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 28, 2020 where in we noted the Township included a disclosure regarding the potential financial impact of COVID-19 and the ensuing emergency measures.

### ***Internal Control 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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

***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*.

***Township's Response to Findings***

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.



Keith Faber  
Auditor of State

Columbus, Ohio

September 28, 2020

**KNOX TOWNSHIP  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

**1. Financial Reporting**

**FINDING NUMBER 2019-001**

**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.

The Township did not have policies and procedures in place for certain financial statement accounts, which led to the following proposed audit adjustments to the financial statements.

In 2019, the Road Levy - Equipment was not identified and disclosed as a major fund in the initially prepared and filed basic financial statements. The financial statements have been adjusted for this error.

To help 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 financial statements and notes to identify and correct potential errors and omissions.

**Official's Response:** The UAN accounting software offers a default of yes/no in the mapping of major funds. In 2019, the Road Levy-Equipment fund was not identified as a major fund in the initially prepared financials. As previously stated, I cannot attest to the fact as to whether the account defaulted to no when the mapping occurred and was manually changed by myself at the time of statement preparation.

In the future, any such fund that is changed from the system default will be documented as such when the mapping of the major fund occurs. I do know that in the past, some funds have defaulted to no, but I have changed them to a major fund. Therefore, in response going forward, each time a change is made to the accounting system default, I will document such change at the time of adjustment.

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# OHIO AUDITOR OF STATE KEITH FABER



**KNOX TOWNSHIP**

**COLUMBIANA 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 10/20/2020**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)