

UNION TOWNSHIP
CLERMONT COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Union Township
4350 Aicholtz Rd
Cincinnati, OH 45245

We have reviewed the *Independent Auditor's Report* of Union Township, Clermont County, prepared by Bastin & Company, LLC, for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 22, 2021

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UNION TOWNSHIP
CLERMONT COUNTY

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Union Township
Clermont County
4350 Aicholtz Road
Cincinnati, Ohio 45245

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and related notes of Union Township, Clermont County, Ohio (the Township).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matters

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Also, as discussed in Note 13 to the financial statements, during 2020, the Township made changes to their cash basis reporting model. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2021, 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.



Cincinnati, Ohio
June 17, 2021

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 1,051,391	\$ 14,832,594	\$ -	\$ -	\$ 15,883,985
Licenses, Permits and Fees	593,674	609,186	-	-	1,202,860
Fines and Forfeitures	88,768	48,289	-	-	137,057
Intergovernmental	310,276	5,088,468	-	-	5,398,744
Special Assessments	-	63,137	-	-	63,137
Payments in Lieu of Taxes	-	9,415,277	-	-	9,415,277
Earnings on Investments	99,365	6,372	-	-	105,737
Miscellaneous	761,024	3,471,320	-	-	4,232,344
<i>Total Cash Receipts</i>	<u>2,904,498</u>	<u>33,534,643</u>	<u>-</u>	<u>-</u>	<u>36,439,141</u>
Cash Disbursements					
Current:					
General Government	3,347,135	4,398,895	-	-	7,746,030
Public Safety	-	18,298,858	-	-	18,298,858
Public Works	-	1,869,483	-	-	1,869,483
Health	518,587	352,566	-	-	871,153
Conservation/Recreation	651,067	-	-	-	651,067
Capital Outlay	694,557	3,159,880	-	9,650	3,864,087
Debt Service:					
Principal Retirement	-	2,194,762	24,060,000	-	26,254,762
Interest and Fiscal Charges	-	1,594,572	115,538	-	1,710,110
<i>Total Cash Disbursements</i>	<u>5,211,346</u>	<u>31,869,016</u>	<u>24,175,538</u>	<u>9,650</u>	<u>61,265,550</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,306,848)</u>	<u>1,665,627</u>	<u>(24,175,538)</u>	<u>(9,650)</u>	<u>(24,826,409)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	-	-	24,060,000	-	24,060,000
Premium and Accrued Interest on Debt	-	-	184,300	-	184,300
Note Issuance Costs	-	-	(68,762)	-	(68,762)
Sale of Capital Assets	-	5,043,049	-	-	5,043,049
Transfers In	5,828,097	1,570,550	-	-	7,398,647
Transfers Out	(545,671)	(6,852,976)	-	-	(7,398,647)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>5,282,426</u>	<u>(239,377)</u>	<u>24,175,538</u>	<u>-</u>	<u>29,218,587</u>
<i>Net Change in Fund Cash Balances</i>	2,975,578	1,426,250	-	(9,650)	4,392,178
<i>Fund Cash Balances, January 1</i>	<u>16,038,639</u>	<u>8,650,941</u>	<u>36,473</u>	<u>32,742</u>	<u>24,758,795</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 19,014,217</u>	<u>\$ 10,077,191</u>	<u>\$ 36,473</u>	<u>\$ 23,092</u>	<u>\$ 29,150,973</u>

See accompanying notes to the basic financial statements

Union Township
Clermont County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020

	Fiduciary Fund Types
	Other Custodial
Additions	
Special Assessment Collections for Distribution	\$ 1,958,674
Amounts Held for Employees	130,644
<i>Total Additions</i>	2,089,318
Deductions	
Distributions as Fiscal Agent	84,881
Distributions to Other Governments	1,847,200
Distributions on Behalf of Employees	110,805
<i>Total Deductions</i>	2,042,886
<i>Net Change in Fund Balances</i>	46,432
<i>Fund Cash Balances, January 1</i>	298,698
<i>Fund Cash Balances, December 31</i>	\$ 345,130

See accompanying notes to the basic financial statements

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

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

Blended Component Unit

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

Jointly Governed Organizations

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

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

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

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

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

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial funds account for employee deductions held to pay claims (Employee FSA accounts) and the custodial activities of the special improvement districts and the energy special improvement district.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 - Budgetary Activity

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

Fund Type	2020 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 7,500,000	\$ 8,732,595	\$ 1,232,595
Special Revenue	29,768,833	32,684,447	2,915,614
Debt Service	24,244,300	24,244,300	-
Capital Projects	-	-	-
Total	\$ 61,513,133	\$ 65,661,342	\$ 4,148,209

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 12,630,500	\$ 8,603,576	\$ 4,026,924
Special Revenue	35,657,599	32,212,122	3,445,477
Debt Service	24,244,300	24,244,300	-
Capital Projects	32,742	32,742	-
Total	\$ 72,565,141	\$ 65,092,740	\$ 7,472,401

Activity of the CIC, a blended component unit of the Township, is not presented in the tables above. The CIC had total receipts of \$7,463,795 and total expenditures of \$7,083,053 during the year.

Note 4 - Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts at December 31, 2020 are as follows:

<i>Cash Management Pool:</i>	
Demand deposits	\$ 19,226,313
Other time deposits (savings and ICS accounts)	10,269,790
Total deposits	\$29,496,103

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$130,395 in unremitted employee payroll withholdings.

Deposits

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

Note 5 - Property Taxes

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

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

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Note 6 - Risk Management

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

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS local members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS law enforcement members contribute 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2020.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 - Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
2017 Park National Bank Loan	\$ 1,755,285	4.16%
2018 Fire Station Improvement General Obligation Bonds	945,000	3.16%
2018 Taxable Special Obligation Revenue Bonds	2,960,000	4.36%
2018 Tax Exempt General Obligation Bonds	2,940,000	3.45%
2018 Taxable Special Obligation Revenue Bonds	2,920,000	4.18-4.90%
2020 Various Purpose General Obligation Bond Anticipation Notes	24,060,000	1.00%
	<u>\$ 35,580,285</u>	

The 2017 Park National Bank Loan was issued by the CIC to finance improvements made under a mortgage agreement entered into with the Mt. Carmel Brewery Company, LLC. The loan was issued on February 28, 2017 in the amount of \$2,500,000 and carries an interest rate of 4.16%. The terms of the loan require equal semi-annual payments of \$156,624 beginning December 1, 2017 through December 1, 2026 with a final payment due of \$142,938 on February 28, 2027. Repayment of the loan is secured by a leasehold mortgage from the Mt. Carmel Brewery Company, LLC, due to the Corporation.

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

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

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

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

The 2020 Various Purpose General Obligation Bond Anticipation Notes relate to the Township's capital improvements to its infrastructure, including Township park improvements, fire station improvements and road improvements. The notes were issued on September 2, 2020 in the amount of \$24,060,000 and are due, with interest, on September 1, 2021. Proceeds from the notes and other funds of the Township were used to retire \$25,275,000 Various Purpose General Obligation Bond Anticipation Notes issued in September 2019.

The future principal and interest requirements scheduled to retire the remaining long-term debt balances (excluding the 2020 Bond anticipation notes which are due on September 1, 2021) of the Township are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 791,721	\$ 466,570	\$ 1,258,291
2022	812,024	435,691	1,247,715
2023	842,765	403,982	1,246,747
2024	873,847	371,163	1,245,010
2025	900,637	336,760	1,237,397
2026-2030	3,409,291	1,215,915	4,625,206
2031-2035	2,085,000	634,001	2,719,001
2036-2040	565,000	390,040	955,040
2041-2045	720,000	223,915	956,915
2046-2048	520,000	51,696	571,696
Total	<u>\$11,520,285</u>	<u>\$4,542,733</u>	<u>\$16,063,018</u>

Note 10 - Transfers

During 2020, the Township transferred the following amounts between funds:

<u>Transfer-Out Fund</u>	<u>Transfer-In Fund</u>	<u>Amount</u>
General	CIC	\$ 545,671
TIF	CIC	1,024,879
CIC	General	5,828,097
Total Transfers		<u>\$7,398,647</u>

Transfers from the General Fund to the CIC were to provide funding for operations. Transfers from the TIF Fund to the CIC provided funding for operations and debt service payments on TIF related debt issued and paid by the CIC. Transfers from the CIC to the General Fund were to refund proceeds arising from the sale, lease, or other contractual activity of the CIC in accordance with Resolution 2012-02.

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 - Intergovernmental Agreement

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

Note 12 - Contract Postal Unit

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

Note 13 - Jointly Governed Organizations

Joint Economic Development Districts

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

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

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

Special Improvement Districts

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

In October 2014 the Township created a Special Improvement District (SID) for the purpose of applying a special assessment on properties within the district known as The Union Township, Clermont County, Ohio. The creation of the SID provided for assessing property owners within the District known as the Terrace Ridge Subdivision, in order to provide funding for infrastructure improvements.

The Township has created a custodial fund for each SID to account for the receipt and distribution of assessments applied for each SID.

Energy Special Improvement District

During 2019, the Township created the Union Township, Ohio Energy Special Improvement District (ESID). The ESID is a nonprofit corporation established pursuant to Ohio Revised Code (ORC) Chapters 1702 and 1710. The ESID was created by legislative action taken by Union Township and is governed by the ESID's board of trustees. Members of the District include the owners of parcels of property located within the ESID. The ESID was established to develop and implement special energy improvement projects as defined by ORC Chapter 1710, including energy efficiency and clean and renewable energy projects at locations within the ESID.

The Township has created a custodial fund to account for the receipt and distribution of assessments applied for the ESID.

Note 14 - Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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

Note 15 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to

UNION TOWNSHIP
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 2,846,559	\$ 573,183	\$ 23,092	\$ 3,442,834
<i>Total</i>	<u>\$ 2,846,559</u>	<u>\$ 573,183</u>	<u>\$ 23,092</u>	<u>\$ 3,442,834</u>

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

Note 16 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

The effect of this change had no effect on beginning cash balances.

Note 17 – COVID-19

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

UNION TOWNSHIP
CLERMONT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-through Grantor/ Program/Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U. S. Department of the Treasury				
<i>Office of Management and Budget</i>				
<i>Program Passed Through Clermont County Auditor's Office, Ohio</i>				
COVID-19 - Coronavirus Relief Fund	21.019	HB481-CRF-Local		
Local Coronavirus Relief Fund			\$ -	\$ 2,076,230
Total CFDA 21.019			-	2,076,230
U.S. Department of the Treasury Total			-	2,076,230
U. S. Department of Homeland Security				
<i>Federal Emergency Management Agency</i>				
<i>Program Passed Through Ohio Department of Public Safety</i>				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
COVID-19 Cost Recovery		FEMA-4507-DR-025-78288	-	27,369
Total CFDA 97.036			-	27,369
U.S. Department of Homeland Security Total			-	27,369
Total Expenditures of Federal Awards			\$ -	\$ 2,103,599

See accompanying notes to schedule

Union Township
Clermont County, Ohio

Notes To The Schedule Of Expenditures Of Federal Awards
2 CFR 200.510(B)(6)
For The Year Ended December 31, 2020

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Union Township (Township) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Township, it is not intended to and does not present the financial position or changes in net position or fund balance of the Township.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Township elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Matching Requirements

Certain Federal programs require Township to contribute non-federal funds (matching funds) to support the federally-funded programs. The Township has met its matching requirements. The Schedule does not include the expenditure of non-federal matching funds.

Bastin & Company, LLC

Certified Public Accountants

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

Union Township
Clermont County
4350 Aicholtz Road
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of Union Township, Clermont County, (the Township) and have issued our report thereon dated June 17, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Township and that the Township made changes to their cash basis reporting model during 2020.

Internal Controls Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bastin & Company, L L C

Cincinnati, Ohio
June 17, 2021

Bastin & Company, LLC
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Union Township
Clermont County
4350 Aicholtz Road
Cincinnati, Ohio 45245

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited Union Township's (the Township) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Union Township's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Township's major federal program.

Management's Responsibility

The Township's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Township's compliance for the Township's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on the Major Federal Program

In our opinion, Union Township complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of Union Township, (the Township) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements. We issued our unmodified report thereon dated June 17, 2021, wherein we noted the Township followed the special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Our opinion also explained the Township made changes to their cash basis reporting model during 2020 and the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We conducted our audit to opine on the Township's financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bastin & Company, L L C

Cincinnati, Ohio
June 17, 2021

**UNION TOWNSHIP
SCHEDULE OF FINDINGS
2 CFR § 200.515
December 31, 2020**

SUMMARY OF AUDITOR'S RESULTS

Type of financial statement opinion	Unmodified
Were there any material control weaknesses reported at the financial statement level?	No
Were there any other significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance reported at the financial statement level?	No
Were there any material internal control weaknesses reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of major programs' compliance opinion	Unmodified
Are there any reportable findings?	No
Major programs:	CFDA #21.019 Coronavirus Relief Fund
Dollar threshold to distinguish between Type A/B programs	Type A: >\$750,000 Type B: all others
Low risk auditee?	No

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

UNION TOWNSHIP
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
December 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-01	Security System Controls	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



**UNION TOWNSHIP
CLERMONT 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 8/3/2021

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

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