



OHIO AUDITOR OF STATE  
**KEITH FABER**





**UNION TOWNSHIP  
BELMONT COUNTY  
DECEMBER 31, 2021 AND 2020**

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**INDEPENDENT AUDITOR'S REPORT**

Union Township  
Belmont County  
PO Box 1  
Morristown, Ohio 43759

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

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

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

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

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

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

***Basis for Opinions***

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

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

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

***Emphasis of Matter***

As discussed in Notes 13 and 12 to the December 31, 2021 and 2020 financial statements, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2022, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 2, 2022

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

	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$96,617	\$362,642	\$0	\$0	\$459,259
Licenses, Permits and Fees	0	5,700	0	0	5,700
Intergovernmental	101,463	367,069	0	0	468,532
Earnings on Investments	201	53	0	0	254
Miscellaneous	25,200	2,900	0	0	28,100
<i>Total Cash Receipts</i>	<u>223,481</u>	<u>738,364</u>	<u>0</u>	<u>0</u>	<u>961,845</u>
<b>Cash Disbursements</b>					
Current:					
General Government	110,347	0	0	0	110,347
Public Safety	0	169,004	0	0	169,004
Public Works	92,065	508,172	0	0	600,237
Health	1,602	10,220	0	0	11,822
Debt Service:					
Principal Retirement	6,215	20,333	0	0	26,548
Interest and Fiscal Charges	0	2,923	0	0	2,923
<i>Total Cash Disbursements</i>	<u>210,229</u>	<u>710,652</u>	<u>0</u>	<u>0</u>	<u>920,881</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>13,252</u>	<u>27,712</u>	<u>0</u>	<u>0</u>	<u>40,964</u>
<b>Other Financing Receipts</b>					
Other Debt Proceeds	0	65,260	0	0	65,260
Other Financing Sources	0	6,728	0	0	6,728
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>71,988</u>	<u>0</u>	<u>0</u>	<u>71,988</u>
<i>Net Change in Fund Cash Balances</i>	13,252	99,700	0	0	112,952
<i>Fund Cash Balances, January 1</i>	<u>32,898</u>	<u>58,005</u>	<u>7,786</u>	<u>1,567</u>	<u>100,256</u>
<i>Fund Cash Balances, December 31</i>	<u>\$46,150</u>	<u>\$157,705</u>	<u>\$7,786</u>	<u>\$1,567</u>	<u>\$213,208</u>

*See accompanying notes to the basic financial statements*

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**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Union Township, Belmont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Belmont, Bethesda, Lafferty and Morristown Volunteer Fire Departments to provide fire and emergency services. The Township pays the services from Fire and Emergency Management Services levy funds.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Road and Bridge Fund*** The road and bridge fund receives property tax money for constructing maintaining and repairing Township roads and bridges.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for repairs to the Township building that houses road equipment. The Township's Capital Project had no activity during 2021.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Cemetery Endowment Fund*** The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

***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 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 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

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

A summary of 2021 budgetary activity appears in Note 4.

***Capital Assets***

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

***Accumulated Leave***

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

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes the nonspendable portion of the corpus in permanent funds.

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

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

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

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

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

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

**Note 3 – Compliance**

Contrary to Ohio Rev. Code § 5705.38(A), the Township did not pass an annual appropriations measure for 2021 which resulted in all Township fund expenditures exceeding appropriations contrary to Ohio Rev. Code § 5705.41(B).

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

**Note 4 – Budgetary Activity**

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$154,488	\$223,481	\$68,993
Special Revenue	587,121	810,352	223,231
Permanent	55	0	(55)
Total	\$741,664	\$1,033,833	\$292,169

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$795	\$212,547	(\$211,752)
Special Revenue	1,411	721,331	(719,920)
Total	\$2,206	\$933,878	(\$931,672)

**Note 5 – Deposits**

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

	2021
Demand deposits	\$210,208
Certificates of deposit	3,000
Total deposits	\$213,208

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

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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**Note 6 – Property Taxes**

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

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

**Note 7 – Risk Management**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

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

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

**Note 9 – Postemployment Benefits**

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

**Note 10 – Debt**

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

	Principal	Interest Rate
Grader Loan	\$11,183	3.92%
Truck Loan	52,655	3.20%
Total	\$63,838	

During 2019, the Township entered into a loan agreement with KS State Bank for \$32,300 to purchase a grader. The loan was issued at 3.92 percent interest rate, with a final maturity on May 1, 2022. The grader collateralized the loan.

During 2020, the Township entered into a loan agreement with KS State Bank for \$73,790 to purchase a truck. The loan was issued at 3.20 percent interest rate, with a final maturity on February 25, 2026. The truck collateralized the loan.

***Amortization***

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

Year Ending	Grader Loan	Truck Loan
December 31:		
2022	\$11,622	\$11,563
2023		11,563
2024		11,563
2025		11,563
2026		11,563
Total	\$11,622	\$57,815

**Note 11 – Contingent Liabilities**

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



**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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**Note 12 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Permanent
Nonspendable:	
Corpus	\$1,500
Total	\$1,500

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

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 – Subsequent Events**

On August 2, 2022, the Trustees approved a four year lease through CAT for a skid steer in the amount of \$54,964.

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

	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$105,071	\$362,681	\$0	\$0	\$467,752
Licenses, Permits and Fees	427	2,800	0	0	3,227
Intergovernmental	53,500	151,564	0	0	205,064
Earnings on Investments	745	93	0	0	838
Miscellaneous	9,508	2,200	0	0	11,708
<i>Total Cash Receipts</i>	<u>169,251</u>	<u>519,338</u>	<u>0</u>	<u>0</u>	<u>688,589</u>
<b>Cash Disbursements</b>					
Current:					
General Government	121,288	0	0	0	121,288
Public Safety	0	229,320	0	0	229,320
Public Works	131,192	353,243	0	0	484,435
Health	21,928	8,601	0	0	30,529
Capital Outlay	0	73,790	0	0	73,790
Debt Service:					
Principal Retirement	0	33,563	0	0	33,563
Interest and Fiscal Charges	0	1,619	0	0	1,619
<i>Total Cash Disbursements</i>	<u>274,408</u>	<u>700,136</u>	<u>0</u>	<u>0</u>	<u>974,544</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>(105,157)</u>	<u>(180,798)</u>	<u>0</u>	<u>0</u>	<u>(285,955)</u>
<b>Other Financing Receipts</b>					
Other Debt Proceeds	0	73,790	0	0	73,790
Sale of Capital Assets	6,900	0	0	0	6,900
<i>Total Other Financing Receipts</i>	<u>6,900</u>	<u>73,790</u>	<u>0</u>	<u>0</u>	<u>80,690</u>
<i>Net Change in Fund Cash Balances</i>	<u>(98,257)</u>	<u>(107,008)</u>	<u>0</u>	<u>0</u>	<u>(205,265)</u>
<i>Fund Cash Balances, January 1</i>	<u>131,155</u>	<u>165,013</u>	<u>7,786</u>	<u>1,567</u>	<u>305,521</u>
<i>Fund Cash Balances, December 31</i>	<u>\$32,898</u>	<u>\$58,005</u>	<u>\$7,786</u>	<u>\$1,567</u>	<u>\$100,256</u>

See accompanying notes to the basic financial statements

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**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Union Township, Belmont County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Belmont, Bethesda, Lafferty and Morristown Volunteer Fire Departments to provide fire and emergency services. The Township pays the services from Fire and Emergency Management Services levy funds.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Road and Bridge Fund*** The road and bridge fund receives property tax money for constructing maintaining and repairing Township roads and bridges

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for repairs to the Township building that houses road equipment. The Township's Capital Project had no activity during 2020.

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

***Cemetery Endowment Fund*** The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

***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 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 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

***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.

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes 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 11.

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 3 – Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$207,072	\$176,151	(\$30,921)
Special Revenue	526,571	593,128	66,557
Total	\$733,643	\$769,279	\$35,636

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$333,475	\$275,203	\$58,272
Special Revenue	660,309	701,545	(41,236)
Permanent	7,786	0	7,786
Total	\$1,001,570	\$976,748	\$24,822

**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 are as follows:

	2021
Demand deposits	\$97,256
Certificates of deposit	3,000
Total deposits	\$100,256

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

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation



**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 5 – Property Taxes**

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

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

**Note 6 – Risk Management**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$ 10,894,146

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement***

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

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

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 8 – Postemployment Benefits**

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

**Note 9 – Debt**

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

	Principal	Interest Rate
Kubota Lease	\$6,240	2.25%
Grader Loan	21,945	3.92%
Truck Loan	62,227	3.20%
Total	\$90,412	

During 2016, the Township entered into a lease agreement with Wesbanco for \$59,879 to purchase an excavator. The lease was issued at 2.25 percent interest rate, with a final maturity on April 5, 2021.

During 2019, the Township entered into a loan agreement with KS State Bank for \$32,300 to purchase a grader. The loan was issued at 3.92 percent interest rate, with a final maturity on May 1, 2022. The grader collateralized the loan.

During 2020, the Township entered into a loan agreement with KS State Bank for \$73,790 to purchase a truck. The loan was issued at 3.20 percent interest rate, with a final maturity on February 25, 2026. The truck collateralized the loan.

***Amortization***

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

Year Ending December 31:	Kubota Lease	Grader Loan	Truck Loan
2021	\$6,311	\$11,622	\$11,563
2022		11,622	11,563
2023			11,563
2024			11,563
2025			11,563
2026			11,563
Total	\$6,311	\$23,244	\$69,378

**Union Township**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Permanent</u>
Nonspendable:	
Corpus	<u>\$1,500</u>
Total	<u><u>\$1,500</u></u>

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

**Note 12 – 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 Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Road & Bridge, Fire District-A, and Fire District-D Funds by \$57,880, \$2,119, and \$8,208, respectively, for the year ended December 31, 2020.

**Note 14 – Subsequent Events**

On August 2, 2022, the Trustees approved a four year lease through CAT for a skid steer in the amount of \$54,964.

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# OHIO AUDITOR OF STATE KEITH FABER



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

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

Union Township  
Belmont County  
PO Box 1  
Morristown, Ohio 43759

To the Board of Trustees:

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

### ***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-003 and 2021-004 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2021-001 and 2021-002.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

August 2, 2022

**UNION TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2021-001**

**Noncompliance**

**Ohio Rev. Code § 5705.38(A)** requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

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

For 2021, the Board of Trustees adopted temporary appropriations on January 7, 2021; however, there was no indication that Board of Trustees adopted a permanent appropriation measure.

Due to the Board of Trustees not passing a permanent appropriation measure as indicated above, expenditures in all funds exceeded appropriations in 2021.

For 2020, the Board of Trustees passed permanent appropriations on March 3, 2020; however, they did not pass a temporary appropriation measure. As a result, expenditures made from January 1, 2020 through March 3, 2020 in the amount of \$131,522 lacked legal appropriation authority.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township's Road and Bridge Fund had expenditures in excess of appropriations of \$57,880, the Fire District-A Fund had expenditures in excess of appropriations of \$2,119 and the Fire District-D Fund had expenditures in excess of appropriations of \$8,208 as of December 31, 2020.

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

The Township should pass an appropriation measure on or about the first day of each fiscal year. If the Township adopts a temporary measure, they must adopt a permanent measure no later than April 1. The Board should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, The Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:** We will be more diligent on making sure appropriation measures are documented.

**FINDING NUMBER 2021-002**

**Noncompliance**

**Ohio Rev. Code Chapter 133** authorizes certain methods by which subdivisions may incur debt. Ohio Rev. Code § 133.22 allows a subdivision to issue anticipatory-securities if it meets the requirements outlined in the statute; Ohio Rev. Code § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

**UNION TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-002 (Continued)**

**Noncompliance – Ohio Rev. Code Chapter 133 (Continued)**

**Ohio Rev. Code § 133.15** allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and Ohio Rev. Code § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2020, the Township issued a promissory note through KS State Bank in the amount of \$73,790 for the purchase of a truck. During 2021 and 2020, the Township made principal payments on the new promissory note and one prior outstanding promissory note in the amounts of \$20,333 and \$21,918, respectively. The balances of these promissory notes at December 31, 2021 and 2020 were \$63,838 and \$84,172, respectively.

This type of debt is not authorized in Ohio Rev. Code Chapter 133. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

**Officials' Response:** The Township will consult with legal counsel to determine if debt incurred is authorized in the Ohio Revised Code Chapter 133.

**FINDING NUMBER 2021-003**

**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 Ohio Township Handbook (revised March 2019) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not always record receipts and expenditures into accurate classifications based upon the source of the receipt or expenditure type.

We noted the following in 2021:

- An Ohio Public Works grant in the amount of \$152,468 and loan in the amount of \$65,260 were not recorded on the Township's books. Additionally, the public works expenditure associated with this loan and grant was not recorded by the Township.



**UNION TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-003 (Continued)**

**Material Weakness (Continued)**

- Debt Principal and Interest was posted to Public Works in the Road & Bridge and Motor Vehicle License Tax Funds' in the amount of \$11,622 and \$5,000, respectively
- \$55,000 of Local and State Fiscal Recovery money for the loss of General Fund hotel tax revenue was recorded in the Coronavirus Relief (CRF) Fund along with the expenditure to the General Fund. This money should have been recorded in the General Fund originally. This amount was recorded in the General Fund as a receipt from the CRF Fund to taxes instead of intergovernmental.
- \$12,832 of Bureau of Workers of Compensation refunds were posted to General Fund Intergovernmental instead of Miscellaneous Revenue.
- A voided check was incorrectly written off by a fund balance adjustment instead of Other Financing Sources in the Motor Vehicle License Tax Fund in the total amount of \$891.
- A voided check was incorrectly written off by a fund balance adjustment instead of Other Financing Sources in the Road and Bridge Fund in the total amount of \$76.
- A voided check was incorrectly written off the Motor Vehicle License Tax fund balance instead of the Other Financing Sources in the Road and Bridge Fund which is where the original check was written in the total amount of \$5,761.

We noted the following in 2020:

- Debt proceeds and the capital outlay expenditure to purchase a truck in the amount of \$73,790 were not recorded by the Township.
- The purchases of road oil, culvert work, paving, stone, and upgrades to truck in the amount of \$115,713 was posted to General Government instead of Public Works in the General Fund.
- Hotel tax receipts in the amount of \$28,990 were posted to Miscellaneous Revenue instead of Taxes in the General Fund.

The adjustments noted above, with which management agrees, are reflected in the accompanying financial statements

In addition to the reclassifications listed above, we also identified additional misstatements ranging from \$682 to \$15,632 in 2021 and \$624 to \$14,141 in 2020 that we have brought to the Township's attention.

The Township did not have a control process in place to help ensure receipts and expenditures are recorded in the correct classification.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and nature of the expenditure.

**Officials' Response:** The Fiscal Officer will be more diligent in appropriately classifying and recording receipts and expenditures by better utilizing the Ohio Township Handbook.

**UNION TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2021-004**

**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.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Fiscal Officer did not properly post budgeted receipts or appropriations, and any amendments made to them to the accounting system. Variances existed between the certificate of estimated resources and appropriation resolutions to the amounts posted to the accounting system throughout the year.

The following tables detail these variances for 2021:

Fund	Amount per Amended Certificate	Amount Posted to the Accounting System	Variance
General	\$154,488	\$246,550	(\$92,062)
Motor Vehicle License Tax	32,000	40,445	(8,445)
Gasoline Tax	118,000	129,214	(11,214)
Road and Bridge	165,132	174,223	(9,091)
Cemetery	5,100	9,300	(4,200)
Fire District - A	31,331	33,072	(1,741)
Fire District - D	81,746	86,832	(5,086)
Special Levy - EMS B	36,238	38,487	(2,249)
Special Levy - EMS C	18,143	19,441	(1,298)

**UNION TOWNSHIP  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2021-004 (Continued)**

**Material Weakness (Continued)**

Fund	Amount per Final Appropriation Resolution	Amount Posted to the Accounting System	Variance
General	\$0	\$231,544	(\$231,544)
Motor Vehicle License Tax	0	39,582	(39,582)
Gasoline Tax	0	137,736	(137,736)
Road and Bridge	0	186,965	(186,965)
Cemetery	0	10,220	(10,220)
Fire District - A	0	34,568	(34,568)
Fire District - D	0	86,859	(86,859)
Special Levy EMS B	0	39,623	(39,623)
Special Levy EMS C	0	19,838	(19,838)
Coronavirus Relief Fund	0	99,449	(99,449)
Bond - Building	0	7,786	(7,786)

The following table details these variances for 2020:

Fund	Amount per Final Appropriation Resolution	Amount Posted to the Accounting System	Variance
General	\$333,475	\$339,614	(\$6,139)
Gasoline Tax	158,669	159,107	(438)
Road and Bridge	241,866	249,210	(7,344)
Cemetery	8,802	13,821	(5,019)
Fire District - A	35,428	39,509	(4,081)
Fire District - D	97,787	108,093	(10,306)
Special Levy EMS B	52,036	53,836	(1,800)
Special Levy EMS C	34,157	35,057	(900)

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations approved by the Trustees were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

Adjustments, to which management agrees, are reflected in the budgetary activity note for 2021 and 2020.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board/Council. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

UNION TOWNSHIP  
BELMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020  
(Continued)

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2021-004 (Continued)

**Material Weakness (Continued)**

**Officials' Response:** Effort will be made to properly post budgeted receipts, appropriations and amendments in the accounting system.



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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Ohio Rev. Code §§ 5705.38(A) and 5705.41(B) not passing annual appropriation measures and expenditures exceeding appropriations.	Not Corrected	We are working on correcting this.
2019-002	Ohio Rev. Code §135.18(A) no collateral provided for depository balances exceeding FDIC coverage	Not Corrected	We are working on correcting this.
2019-003	Ohio Rev. Code § 121.22 (C) for minutes not being prepared.	Not Corrected	Minutes are presented at the monthly township meetings each month for approval since my taking office. The only minutes I could not find for the 2020 year were for March of 2020 and that was prior to my taking office in April of 2020. All minutes are approved and signed by the trustees.
2019-004	Material Weakness for mispostings of revenue and expenditures.	Not Corrected	I am working on correcting this and hope to gain a better understanding of this process.
2019-005	Material Weakness for mispostings of budgetary amounts.	Not Corrected	I am working on correcting this and hope to gain a better understanding of this process.

Fiscal Officer  
Nancy Lucas  
740-310-9035

Trustees of Union Township of Belmont County  
Anthony Kolanski    Shane Kildow    Justin Demarchi  
740-968-3136      740-782-1267    740-782-1337

# OHIO AUDITOR OF STATE KEITH FABER



**UNION TOWNSHIP**

**BELMONT 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 8/16/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)