

**CHARLESTOWN TOWNSHIP**

**PORTAGE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**







65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Board of Trustees  
Charlestown Township  
7352 Newton Falls Road  
Ravenna, Ohio 44266

We have reviewed the *Independent Auditor's Report* of Charlestown Township, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. 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. Charlestown Township is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

**June 20, 2024**

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**CHARLESTOWN TOWNSHIP  
PORTAGE COUNTY  
For the years ended December 31, 2023 and 2022**

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**INDEPENDENT AUDITOR'S REPORT**

Charlestown Township  
Portage County  
7352 Newton Falls Road  
Ravenna, Ohio 44266

To the Board of Trustees:

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

***Unmodified and Adverse Opinions***

We have audited the financial statements of Charlestown Township, Portage County, Ohio (the Township), which comprise the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, 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 and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2023 and 2022, 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

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

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

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

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

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

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

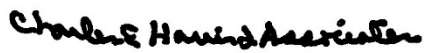


- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024, 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.



***Charles E. Harris & Associates, Inc.***  
May 24, 2024

**Charlestown Township**  
*Portage County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes In Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2023**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 78,136	\$ 63,693	\$ -	\$ 141,829
Licenses, Permits and Fees	20,003	4,503	-	24,506
Intergovernmental	55,983	327,114	-	383,097
Earnings on Investments	9,485	10,592	-	20,077
Miscellaneous	4,416	10,379	-	14,795
<b>Total Cash Receipts</b>	<b>168,023</b>	<b>416,281</b>	<b>-</b>	<b>584,304</b>
<b>Cash Disbursements</b>				
Current Disbursements:				
General Government	107,111	-	-	107,111
Public Safety	-	76,174	-	76,174
Public Works	2,930	292,582	-	295,512
Health	8,341	471	-	8,812
Conservation-Recreation	3,775	71,618	-	75,393
Capital Outlay	-	200,900	3,868	204,768
<b>Total Cash Disbursements</b>	<b>122,157</b>	<b>641,745</b>	<b>3,868</b>	<b>767,770</b>
<i>Excess Receipts Over (Under) Disbursements</i>	45,866	(225,464)	(3,868)	(183,466)
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Fixed Assets	-	20,460	-	20,460
<b>Total Other Financing Receipts (Disbursements)</b>	<b>-</b>	<b>20,460</b>	<b>-</b>	<b>20,460</b>
<b>Net Change in Fund Cash Balance</b>	<b>45,866</b>	<b>(205,004)</b>	<b>(3,868)</b>	<b>(163,006)</b>
<i>Fund Cash Balances, January 1, Restated</i>	149,722	961,713	3,868	1,115,303
<b>Fund Cash Balances, December 31</b>	<b>\$ 195,588</b>	<b>\$ 756,709</b>	<b>\$ -</b>	<b>\$ 952,297</b>

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

**Charlestown Township**  
*Portage County*  
*Statement of Receipts, Disbursements and*  
*Changes In Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2023*

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	Private Purpose Trust
<b>Additions</b>	
Earnings on Investments	\$159
<i>Net Change in Fund Balances</i>	159
<i>Fund Cash Balances, January 1</i>	20,906
<i>Fund Cash Balances, December 31</i>	\$21,065

*See accompanying notes to the financial statements*

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Charlestown Township, Portage 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 Ravenna City to provide dispatch and provide ambulance services.

***Public Entity Risk Pool***

The Township participates in Public Entity Risk Pool. Note 6 to the financial statements provide additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

***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 Fund:

**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.

***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 has the following significant capital project fund:

**OPWC Issue II Fund** - The Township received a grant from the State for capital improvements. The proceeds are restricted for capital improvement.

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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. The Township had the following significant Fiduciary fund:

***Cemetery Private Purpose Trust Funds*** – The cemetery private purpose trust fund accounts for and reports interest earned on the funds held for the benefit of certain individuals.

***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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 (C) 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 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 2023 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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.

***SBITAs***

The Township has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

***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 unclaimed monies that are required to be held for five years before they may be utilized by the Township.

***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 9.

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$133,751	\$168,023	\$34,272
Special Revenue	360,516	436,741	76,225
Capital Projects	0	0	0
Fiduciary	0	159	159

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$226,000	\$122,157	\$103,843
Special Revenue	1,183,246	641,745	541,501
Capital Projects	3,868	3,868	0
Fiduciary	0	0	0

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund 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:

	2023
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$562,368
Certificates of deposit	15,468
Total deposits	577,836
U.S. Treasury Notes	500
STAR Ohio	395,026
Total investments	395,526
<i>Total carrying amount of deposits and investments</i>	\$973,362

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 4 – Deposits and Investments (continued)**

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 withholding. At December 31, 2023, the Township is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository 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.

***Investments***

The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

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

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

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

**Note 6 - Risk Management**

***Workers' Compensation***

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.



**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 6 - Risk Management (continued)**

***Risk Pool Membership***

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 (the latest available):

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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 members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – 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 facilitate effective cash planning and control. At year end, the Township did not have any outstanding encumbrances.

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

**Note 10 – 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 ended in April 2023. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**Note 11 – Prior period adjustment**

The Special Revenue Fund balance was adjusted for a \$328 voided check which restated the December 31, 2022 balance from \$961,385 to \$961,713.

**Charlestown Township**  
*Portage County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes In Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2022**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$72,391	\$ 59,301	\$ -	\$ 131,692
Licenses, Permits and Fees	21,242	5,060	-	26,302
Intergovernmental	55,179	283,545	-	338,724
Earnings on Investments	2,742	3,595	-	6,337
Miscellaneous	2,773	3,100	-	5,873
<b>Total Cash Receipts</b>	<b>154,327</b>	<b>354,601</b>	<b>-</b>	<b>508,928</b>
<b>Cash Disbursements</b>				
Current Disbursements:				
General Government	113,651	-	-	113,651
Public Safety	-	125,050	-	125,050
Public Works	6,418	103,899	-	110,317
Health	7,355	11,370	-	18,725
Conservation-Recreation	1,029	83,470	-	84,499
Capital Outlay	-	2,158	-	2,158
<b>Total Cash Disbursements</b>	<b>128,453</b>	<b>325,947</b>	<b>-</b>	<b>454,400</b>
<b>Net Change in Fund Cash Balance</b>	<b>25,874</b>	<b>28,654</b>	<b>-</b>	<b>54,528</b>
<b>Fund Cash Balances, January 1</b>	<b>123,848</b>	<b>932,731</b>	<b>3,868</b>	<b>1,060,447</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 149,722</b>	<b>\$ 961,385</b>	<b>\$ 3,868</b>	<b>\$ 1,114,975</b>

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

**Charlestown Township**  
*Portage County*  
*Statement of Receipts, Disbursements and*  
*Changes In Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2022*

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	Private Purpose Trust
<b>Additions</b>	
Earnings on Investments	\$78
<i>Net Change in Fund Balances</i>	78
<i>Fund Cash Balances, January 1</i>	20,828
<i>Fund Cash Balances, December 31</i>	\$20,906

*See accompanying notes to the financial statements*

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Charlestown Township, Portage 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 Ravenna City to provide dispatch and provide ambulance services.

***Public Entity Risk Pool***

The Township participates in Public Entity Risk Pool. Note 6 to the financial statements provide additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds***

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

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

***Fire Fund*** – The fire fund accounts for and reports property tax (outside millage) committed for providing services to the Township.

***American Rescue Plan Act Fund*** – The American Rescue Plan Act fund accounts for monies received to respond to the pandemic and for economic recovery.

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**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 has the following significant capital project fund:

**OPWC Issue II Fund** - The Township received a grant from the State for capital improvements. The proceeds are restricted for capital improvement.

**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. The Township has the following significant fiduciary fund:

**Cemetery Private Purpose Trust Funds** – The cemetery private purpose trust fund accounts for and reports interest earned on the funds held for the benefit of certain individuals.

***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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 (C) 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 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 2022 budgetary activity appears in Note 3.

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Fund 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 unclaimed monies that are required to be held for five years before they may be utilized by the Township.

***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.

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$134,150	\$154,327	\$20,177
Special Revenue	279,150	354,601	\$75,451
Capital Projects	0	0	\$0
Fiduciary	50	78	\$28

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$187,550	\$128,453	\$59,097
Special Revenue	798,250	329,117	469,133
Capital Projects	3,868	0	3,868
Fiduciary	0	0	0



**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund 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:

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$744,964
Certificates of deposit	15,468
Total deposits	760,432
U.S. Treasury Notes	500
STAR Ohio	374,949
Total investments	375,449
<i>Total carrying amount of deposits and investments</i>	\$1,135,881

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 withholding. At December 31, 2022, the Township is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository 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.

***Investments***

The Federal Reserve holds the Township’s U.S. Treasury Notes in book-entry form, in the name of the Township’s financial institution. The financial institution maintains records identifying the Township as owner of these securities.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

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

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 5 – Property Taxes (continued)**

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

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

**Note 6 - Risk Management**

***Workers' Compensation***

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.

***Risk Pool Membership***

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>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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 members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

**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% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Charlestown Township**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 9 – 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 facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Special Revenue</u>
Outstanding Encumbrances	\$ 3,170
Total	<u>\$ 3,170</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. These restricted, committed, and assigned amounts in the special revenue and capital projects include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 10 – 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 ended in April 2023. During 2022, 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 funding, either federal or state, cannot be estimated.

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.

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

Charlestown Township  
Portage County  
7352 Newton Falls Road  
Ravenna, Ohio 44266

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of Charlestown Township, Portage County, (the Township) and have issued our report thereon dated May 24, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***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 purpose 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider to be a material weakness. We consider finding 2023-001 to be a material weakness.

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

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

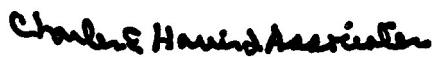
We also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 24, 2024.

***Township's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

***Purpose of This Report***

The 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.



***Charles E. Harris & Associates, Inc.***  
May 24, 2024

**CHARLESTOWN TOWNSHIP  
PORTAGE COUNTY  
SCHEDULE OF FINDINGS  
December 31, 2023 and 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2023-001 - Material Weakness**

During 2023, the Township erroneously recorded several transactions. The adjustments are as follows:

- Did not record a grant received from OPWC in 2023 for \$176,300
- Recorded sale of capital assets as miscellaneous receipts for \$20,460
- Numerous corrections were made to the notes to the financial statements for both years

The accompanying financial statements have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Uniform Accounting Network (UAN) manual, Ohio Township Handbook and other various Auditor of State guidance to aid in properly identifying account classifications.

**Management Response:**

See corrective action plan.

**CHARLESTOWN TOWNSHIP  
PORTAGE COUNTY, OHIO  
Corrective Action Plan-Prepared by management  
For the Years Ended December 31, 2023 and 2022**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2023-001	We are aware of these issues and they will be addressed moving forward.	Immediately	Susan Forgacs, Fiscal Officer



# OHIO AUDITOR OF STATE KEITH FABER



**CHARLESTOWN TOWNSHIP**

**PORTAGE 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 7/2/2024**

65 East State 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)