

***EAST UNION TOWNSHIP***

***WAYNE COUNTY***

Regular Audit

For the Years Ended December 31, 2023 and 2022







65 East State Street  
Columbus, Ohio 43215  
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Township Trustees  
East Union Township  
4337 S Kansas Rd  
Apple Creek, OH 44606

We have reviewed the *Independent Auditor's Report* of East Union Township, Wayne 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. The East Union Township is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 02, 2024**

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***East Union Township***  
***Wayne County***  
For the Years Ended December 31, 2023 and 2022

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**INDEPENDENT AUDITOR'S REPORT**

East Union Township  
Wayne County  
4337 South Kansas Rd  
Apple Creek, Ohio 44606

To the Township Trustees:

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

***Unmodified and Adverse Opinions***

We have audited the financial statements of East Union Township, Wayne 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, 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 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 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 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 June 14, 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.***  
June 14, 2024

**EAST UNION TOWNSHIP  
WAYNE 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**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 113,313	\$ 902,582	\$ 1,015,895
Charges for Services	-	122,818	122,818
Licenses, Permits and Fees	18,315	350	18,665
Intergovernmental	63,129	257,752	320,881
Earnings on Investments	23,150	4,949	28,099
Miscellaneous	2,500	20,354	22,854
<i>Total Cash Receipts</i>	<u>220,407</u>	<u>1,308,805</u>	<u>1,529,212</u>
<b>Cash Disbursements</b>			
Current:			
General Government	118,696	1,800	120,496
Public Safety	461	397,379	397,840
Public Works	-	525,615	525,615
Health	31,675	-	31,675
Human Services	1,000	160	1,160
Conservation-Recreation	2,932	-	2,932
Capital Outlay	-	50,992	50,992
Debt Service:			
Principal Retirement	-	101,272	101,272
Interest & Fiscal Charges	-	10,232	10,232
<i>Total Cash Disbursements</i>	<u>154,764</u>	<u>1,087,450</u>	<u>1,242,214</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	65,643	221,355	286,998
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	-	26,000	26,000
<i>Net Change in Fund Cash Balances</i>	65,643	247,355	312,998
<i>Fund Cash Balances, January 1</i>	<u>29,862</u>	<u>1,476,490</u>	<u>1,506,352</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 95,505</u>	<u>\$ 1,723,845</u>	<u>\$ 1,819,350</u>

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

**East Union Township**  
*Wayne 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 the East Union Township, Wayne 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 City of Orrville, South Central Fire District and Kidron Volunteer Fire Department to provide fire services and emergency medical services, and Ohio Billing to provide ambulance and scene safety billing services.

***Jointly Governed Organizations and Public Entity Risk Pool***

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool and two jointly governed organizations, JEDD I and JEDD II, along with Southeast Local School District in JEDD II. Notes 6 and 10 to the financial statements provides additional information for these entities.

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

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

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, 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 accounts and receipts property tax money restricted for constructing, maintaining, and repairing Township roads and bridges.

***Fire District Fund*** The fire district fund collects property tax money and charges for services restricted for providing fire and emergency medical services to citizens of the Township.

**East Union Township**  
*Wayne 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)**

***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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

The Townships 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.

**East Union Township**  
*Wayne 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)**

***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.

***Leases and SBITAs***

The Township is the lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

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 and various other software. 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.

**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**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 11.

**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	\$ 195,130	\$ 220,407	\$ 25,277
Special Revenue	1,224,050	1,334,805	110,755

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 223,329	\$ 154,764	\$ 68,565
Special Revenue	2,699,972	1,087,450	1,612,522

**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 account us as follows:

	2023
Demand deposits	\$1,617,126
Total deposits	1,617,126
STAR Ohio	202,224
Total investments	202,224
Total deposits and investments	\$1,819,350

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, 2023, the Township is holding \$0 in unremitted employee payroll withholdings.

**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

***Investments***

Investments in STAR Ohio 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

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

**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022 (latest information available).

	<u>2022</u>
Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	\$ 3,503,940

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Six 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% 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.

***Ohio Police and Fire Retirement System***

The Township has one certified Fire Fighters that belongs to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of percent of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2023.



**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer 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. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% 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%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
Kansas State Bank - 2022 Ford F350	\$ 64,099	6%
Kansas State Bank - Dump Truck & Body	195,642	6%
Total	\$ 259,741	

***Financed Purchase***

In 2023, the Township entered into a financed purchase agreement with Kansas State Bank for a Dump Truck in the amount of \$245,875. The financed purchase agreement is to be paid back over a five-year period and has an interest rate of 6%.

In 2023, the Township entered into a financed purchase agreement with Kansas State Bank for a 2022 Ford F350 Truck in the amount of \$85,866. The financed purchase agreement is to be paid back over a four-year period and has an interest rate of 6%.

***Amortization***

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

Year Ending December 31:	Financed Purchases
2024	\$ 81,008
2025	81,008
2026	81,008
2027	56,904
Total	\$299,928

**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 10 – Jointly Governed Organizations**

The Township works with the Village of Apple Creek and a separate Board formed for each of the following JEDDS.

JEDD I was formed in 2007 with the Village of Apple Creek to purchase the former Apple Creek Developmental property and encourage business and industry to form on the property creating income tax through the Village of Apple Creek. The property was sold in 2013 to a single owner and received \$2,425 in income tax for 2023.

JEDD II was formed with the Village of Apple Creek and the Southeast Local School District to provide sewer to the Waynedale and John R Lea buildings in the Southeast Local School District. The purpose of the JEDD is to allow sewer to be run to the buildings without having to annex all of the properties between the Village limits and the buildings in Southeast Local School District. The project was completed the end of November 2017. The Township received \$7,356 in income tax in 2023.

**Note 11 – 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 had no encumbrances.

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

**EAST UNION TOWNSHIP  
WAYNE 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**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 109,050	\$ 868,824	\$ 977,874
Charges for Services	-	130,929	130,929
Licenses, Permits and Fees	19,203	300	19,503
Intergovernmental	60,088	542,494	602,582
Earnings on Investments	10,189	1,939	12,128
Miscellaneous	2,657	29,222	31,879
<i>Total Cash Receipts</i>	<u>201,187</u>	<u>1,573,708</u>	<u>1,774,895</u>
<b>Cash Disbursements</b>			
Current:			
General Government	180,118	2,695	182,813
Public Safety	452	464,086	464,538
Public Works	-	431,068	431,068
Health	30,831	-	30,831
Human Services	2,295	193	2,488
Conservation-Recreation	2,240	-	2,240
Capital Outlay	-	529,565	529,565
Debt Service:			
Principal Retirement	-	92,144	92,144
Interest & Fiscal Charges	-	4,531	4,531
<i>Total Cash Disbursements</i>	<u>215,936</u>	<u>1,524,282</u>	<u>1,740,218</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(14,749)	49,426	34,677
<i>Fund Cash Balances, January 1</i>	<u>44,611</u>	<u>1,427,064</u>	<u>1,471,675</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 29,862</u>	<u>\$ 1,476,490</u>	<u>\$ 1,506,352</u>

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

**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the East Union Township, Wayne 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 City of Orrville, South Central Fire District and Kidron Volunteer Fire Department to provide fire services and emergency medical services, and Ohio Billing to provide ambulance and scene safety billing services.

***Jointly Governed Organizations and Public Entity Risk Pool***

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool and two jointly governed organizations, JEDD I and JEDD II, along with Southeast Local School District in JEDD II. Notes 6 and 10 to the financial statements provides additional information for these entities.

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

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

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, 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 accounts and receipts property tax money restricted for constructing, maintaining, and repairing Township roads and bridges.

***Fire District Fund*** The fire district fund collects property tax money and charges for services restricted for providing fire and emergency medical services to citizens of the Township.

**East Union Township**  
*Wayne 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)**

***ARP Coronavirus Relief Fund*** The ARP coronavirus relief fund accounts for and reports funding received from a federal grant restricted for the purpose of alleviating financial pressures caused by the COVID-19 pandemic.

***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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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 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 2022 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.

The Townships 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.

**East Union Township**  
*Wayne 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 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.

***Leases***

The Township is the lessee in a lease (as defined by GASB 87) related to other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/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.

**East Union Township**  
*Wayne 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 11.

**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	\$ 187,030	\$ 201,187	\$ 14,157
Special Revenue	1,521,243	1,573,708	52,465

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 231,166	\$ 216,466	\$ 14,700
Special Revenue	2,947,574	1,525,754	1,421,820

**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 account us as follows:

	2022
Demand deposits	\$1,314,406
Total deposits	1,314,406
STAR Ohio	191,946
Total investments	191,946
Total deposits and investments	\$1,506,352

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, 2022, the Township is holding \$0 in unremitted employee payroll withholdings.

**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

***Investments***

Investments in STAR Ohio 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

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



**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

	<u>2022</u>
Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	\$ 3,503,940

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Six 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% 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.

***Ohio Police and Fire Retirement System***

The Township has one certified Fire Fighters that belongs to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of percent of full-time fire fighters’ wages. The Township has paid all contributions required through December 31, 2022.

**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension 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. OP&F contributes 0.5% to fund these benefits.

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.

**Note 9 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
MF 5711S Tractor & Ditch Mower	\$ 29,271	4.15%

***Financed Purchase***

In 2019, the Township entered into a financed purchase agreement with Republic First National for a tractor and ditch mower in the amount of \$138,100. The financed purchase agreement is to be paid back over a five-year period and has an interest rate of 4.15%.

***Amortization***

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

Year Ending December 31:	Financed Purchase
2023	\$ 30,496

**Note 10 – Jointly Governed Organizations**

The Township works with the Village of Apple Creek and a separate Board formed for each of the following JEDDS.

JEDD I was formed in 2007 with the Village of Apple Creek to purchase the former Apple Creek Developmental property and encourage business and industry to form on the property creating income tax through the Village of Apple Creek. The property was sold in 2013 to a single owner and received \$3,811 in income tax for 2022.

**East Union Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 10 – Jointly Governed Organizations (continued)**

JEDD II was formed with the Village of Apple Creek and the Southeast Local School District to provide sewer to the Waynedale and John R Lea buildings in the Southeast Local School District. The purpose of the JEDD is to allow sewer to be run to the buildings without having to annex all of the properties between the Village limits and the buildings in Southeast Local School District. The project was completed the end of November 2017. The Township received \$5,596 in income tax in 2022.

**Note 11 – 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>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 529	\$ 1,472	\$2,001

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds include 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. 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.

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

East Union Township  
Wayne County  
4337 South Kansas Rd  
Apple Creek, Ohio 44606

To the Township Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued 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, 2023 and 2022 and the related notes to the financial statements of East Union Township, Wayne County, (the Township) and have issued our report thereon dated June 14, 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 purposes of expressing our opinions 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***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*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 14, 2024.

***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.*  
June 14, 2024

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# OHIO AUDITOR OF STATE KEITH FABER



**EAST UNION TOWNSHIP**

**WAYNE 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 7/16/2024**

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)