



OHIO AUDITOR OF STATE
KEITH FABER



CLARIDON TOWNSHIP
MARION COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	5
Notes to the Financial Statements For the Year Ended December 31, 2022.....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2021.....	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Fiduciary Fund Types For the Year Ended December 31, 2021.....	14
Notes to the Financial Statements For the Year Ended December 31, 2021.....	15
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23
Corrective Action Plan.....	27

THIS PAE INTENTIONALLY LEFT BLANK

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Claridon Township
Marion County
2272 Caledonia Climax Rd
Caledonia, Ohio 43314

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Claridon Township, Marion County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021, 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 and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021, 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 Claridon Township, as of December 31, 2022 and 2021, 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.

Emphasis of Matter

As discussed in Notes 9 and 10 to the financial statements for 2021 and 2022, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code 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 January 4, 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 4, 2024

THIS PAGE INTENTIONALLY LEFT BLANK

CLARIDON TOWNSHIP, MARION 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$158,616	\$0	\$158,616
Licenses, Permits and Fees	40,148	36,453	76,601
Intergovernmental	38,506	264,324	302,830
Earnings on Investments	6,423	292	6,715
Miscellaneous	13,934	29,575	43,509
<i>Total Cash Receipts</i>	<u>257,627</u>	<u>330,644</u>	<u>588,271</u>
Cash Disbursements			
Current:			
General Government	217,884	26,211	244,095
Public Works	645	76,408	77,053
Health	4,138	51,269	55,407
<i>Total Cash Disbursements</i>	<u>222,667</u>	<u>153,888</u>	<u>376,555</u>
<i>Net Change in Fund Cash Balances</i>	<u>34,960</u>	<u>176,756</u>	<u>211,716</u>
<i>Fund Cash Balances, January 1</i>	<u>\$557,374</u>	<u>\$332,832</u>	<u>\$890,206</u>
<i>Fund Cash Balances, December 31</i>	<u>\$592,334</u>	<u>\$509,588</u>	<u>\$1,101,922</u>

See accompanying notes to the financial statements

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2022

Note 1 – Reporting Entity

Claridon Township, Marion County, Ohio is a body politic and was established to exercise the rights and privileges conveyed to it by the constitution and laws of the state of Ohio. Claridon Township is directed by a publicly elected three member board of Trustees and an elected Township Fiscal Officer.

Claridon Township is the primary government and provides general government services, maintenance of township roads, and cemetery maintenance. The Township is a part of the First Consolidated Fire District. The fire department is a “stand alone” entity which levies its own taxes. Claridon Township does not have a majority vote on its Board. Police protection is provided by the County Sheriff.

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 types.

Fund Accounting

The Township classifies funds financed primarily from taxes, intergovernmental receipts, and other non-exchange transactions as governmental funds. The following are the Township’s major governmental funds:

1. General Fund - It is a fund, which receives its reserves from property taxes and other local taxes, permits and fees, and intergovernmental taxes. It accounts for and reports all financial resources not accounted for and reported in another fund.
2. Motor Vehicle License Tax Fund - The motor vehicle license tax fund accounts for and reports property tax committed for the construction and repair of Township roads.
3. Gasoline 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 our township.
4. Cemetery Fund - The cemetery fund obtains its money from fees and the sale of lots and the money is restricted to pay for maintenance of our cemeteries.
5. Coronavirus Relief Fund- The Coronavirus relief fund is used to account for the coronavirus relief grant monies received by the Township.
6. The Township does not have Proprietary or Fiduciary Funds.

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

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2022

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. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

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.

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:

Claridon Township
 Marion, County, Ohio
 Notes to the Financial Statements For
 the Year Ended December 31, 2022

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$210,756	\$257,627	\$46,871
Special Revenue	330,156	330,644	488
Total	\$540,912	\$588,271	\$47,359

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$763,630	\$222,667	\$540,963
Special Revenue	543,253	170,820	372,433
Total	\$1,306,883	\$393,487	\$913,396

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2022

Note 4 – Deposits

The Township maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2022</u>
Demand deposits	\$290,062
Other time deposits (savings accounts)	<u>\$811,860</u>
Total deposits	<u>1,101,922</u>

Deposits

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

Note 5 – Property Taxes

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

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

Note 6 - Risk Management

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

- General liability and casualty
- Public official's liability
- Hazardous Materials
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2022

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	\$34,880,599
Actuarial liabilities	\$10,601,444

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

Claridon Township pays the State Workers' Compensation System a premium based on the rate of 0.019799 per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The system administers and pays all claims. The Township is not self-insured.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Claridon Township participates in the Ohio Public Employees Retirement System (OPERS) and has the Traditional Pension Plan. OPERS provides retirement, disability, and annual cost-of-living adjustments. The Employer Contribution Rate is 14 percent, and the Member Contribution Rate is 10 percent. OPERS issues a “stand alone” financial report.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. The plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

Funding Policy -

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Claridon Township's employer contribution rate is 14 percent.

Claridon Township
 Marion, County, Ohio
 Notes to the Financial Statements For
 the Year Ended December 31, 2022

Note 9 – Fund Balances

Included in fund balance are amounts the Township cannot spend. 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:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Outstanding Encumbrances	0	16,932	16,932
Total	\$0	\$16,932	\$16,932

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 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 continues. 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.

THIS PAGE INTENTIONALLY LEFT BLANK

CLARIDON TOWNSHIP, MARION COUNTY

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types**

For the Year Ended December 31, 2021

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$155,316	\$0	\$155,316
Licenses, Permits and Fees	6,311	47,269	53,580
Intergovernmental	34,697	264,868	299,565
Earnings on Investments	421	26	447
Miscellaneous	3,607	36,500	40,107
<i>Total Cash Receipts</i>	<u>200,352</u>	<u>348,663</u>	<u>549,015</u>
Cash Disbursements			
Current:			
General Government	195,845	3	195,848
Public Works	48	128,042	128,090
Health	4,214	33,071	37,285
Capital Outlay	17,586	0	17,586
<i>Total Cash Disbursements</i>	<u>217,693</u>	<u>161,116</u>	<u>378,809</u>
<i>Net Change in Fund Cash Balances</i>	<u>(17,341)</u>	<u>187,547</u>	<u>170,206</u>
<i>Fund Cash Balances, January 1</i>	<u>\$574,715</u>	<u>\$145,285</u>	<u>\$720,000</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$557,374</u></u>	<u><u>\$332,832</u></u>	<u><u>\$890,206</u></u>

See accompanying notes to the financial statements

CLARIDON TOWNSHIP, MARION COUNTY

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types**

For the Year Ended December 31, 2021

	<u>Other Custodial</u>	<u>Totals (Memorandum Only)</u>
Receipts	\$0	\$0
Deductions		
Other Distributions	3,340	3,340
<i>Total Deductions</i>	<u>3,340</u>	<u>3,340</u>
<i>Net Change in Fund Balances</i>	(3,340)	(3,340)
<i>Fund Cash Balances, January 1</i>	<u>\$3,340</u>	<u>\$3,340</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the financial statements

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2021

Note 1 – Reporting Entity

Claridon Township, Marion County, Ohio is a body politic and was established to exercise the rights and privileges conveyed to it by the constitution and laws of the state of Ohio. Claridon Township is directed by a publicly elected three member board of Trustees and an elected Township Fiscal Officer.

Claridon Township is the primary government and provides general government services, maintenance of township roads, and cemetery maintenance. The Township is a part of the First Consolidated Fire District. The fire department is a “stand alone” entity which levies its own taxes. Claridon Township does not have a majority vote on its Board. Police protection is provided by the County Sheriff.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township classifies funds financed primarily from taxes, intergovernmental receipts, and other non-exchange transactions as governmental funds. The following are the Township’s funds:

1. General Fund - It is a fund, which receives its reserves from property taxes and other local taxes, permits and fees, and intergovernmental taxes. It accounts for and reports all financial resources not accounted for and reported in another fund.
2. Motor Vehicle License Tax Fund - The motor vehicle license tax fund accounts for and reports property tax committed for the construction and repair of Township roads.
3. Gasoline 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 our township.
4. Cemetery Fund - The cemetery fund obtains its money from fees and the sale of lots and the money is restricted to pay for maintenance of our cemeteries.
5. Coronavirus Relief Fund- The Coronavirus relief fund is used to account for the coronavirus relief grant monies received by the Township.

. **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.

1. Agency Fund - The Agency Fund is a holding fund for property damage
The Township does not have Proprietary Funds.

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).

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2021

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. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

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.

Claridon Township
 Marion, County, Ohio
 Notes to the Financial Statements For
 the Year Ended December 31, 2021

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$202,259	\$200,352	(\$1,907)
Special Revenue	190,023	348,663	158,640
Total	\$392,282	\$549,015	\$156,733

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$389,000	\$217,693	\$171,307
Special Revenue	213,500	161,116	52,384
Total	\$602,500	\$378,809	\$223,691

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2021

Note 4 – Deposits

The Township maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2021</u>
Demand deposits	\$283,046
Other time deposits (savings accounts)	\$607,160
Total deposits	<u>890,206</u>

Deposits

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

Note 5 – Property Taxes

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

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

Note 6 - Risk Management

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

- General liability and casualty
- Public official's liability
- Hazardous Materials
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2021

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

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

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

Claridon Township pays the State Workers' Compensation System a premium based on the rate of 0.019799 per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The system administers and pays all claims. The Township is not self-insured.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Claridon Township participates in the Ohio Public Employees Retirement System (OPERS) and has the Traditional Pension Plan. OPERS provides retirement, disability, and annual cost-of-living adjustments. The Employer Contribution Rate is 14 percent, and the Member Contribution Rate is 10 percent. OPERS issues a “stand alone” financial report.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. The plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

Funding Policy -

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Claridon Township's employer contribution rate is 14 percent.

Claridon Township
Marion, County, Ohio
Notes to the Financial Statements For
the Year Ended December 31, 2021

Note 9 – Fund Balances

Included in fund balance are amounts the Township cannot spend. 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 outstanding 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.

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 continues. 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.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Claridon Township
Marion County
2272 Caledonia Climax Rd
Caledonia, Ohio 43314

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 fund type and the fiduciary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Claridon Township, Marion County, (the Township) and have issued our report thereon dated January 4, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

Township's Responses to Findings

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

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.



Keith Faber
Auditor of State
Columbus, Ohio

January 4, 2024

**CLARIDON TOWNSHIP
MARION COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2022-001

Noncompliance Citation

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township inappropriately recorded \$11,468 of gas tax revenue in the Motor Vehicle License Tax Fund. Given the source of the revenue, this should have been recorded in the Gasoline Tax Fund. Audit adjustments are reflected in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response: See Corrective Action Plan

CLARIDON TOWNSHIP
MARION COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022 AND 2021
(Continued)

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

FINDING NUMBER 2022-002

Noncompliance Citation / Finding for Recovery Repaid Under Audit– Trustee Salaries

Ohio Rev. Code §§ 505.24(A) and (B) state that in calendar year 2018, each township trustee is entitled to compensation in an amount for each day of service in the business of the township, to be paid from the township treasury. In townships having a budget of more than seven hundred fifty thousand but not more than one million five hundred thousand dollars, fifty-six dollars and seventy-one cent per day for not more than two hundred days. In calendar year 2019 and in each calendar year thereafter through calendar year 2028, the amounts paid as specified in division (A) of this section shall be increased by one and three-quarters per cent.

Ohio Const. Art. II, Section 20 states that the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

During 2022, the Township had a budget of \$1,431,118, which would result in all three Trustees (Trustees Timothy Mooney, Tommy Ruth, and Rex Strine) getting paid \$12,158. However, when calculating the monthly pay for each Trustee, the Fiscal Officer incorrectly divided the annual salary by 10 months rather than 12 months. This caused Trustees Mooney, Ruth, and Strine to each be paid \$14,589, which resulted in \$2,431 overpayments to each Trustee.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustees Timothy Mooney, Tommy Ruth, and Rex Strine in the amount of \$2,431 each, and in favor of the Township's General Fund.

On December 26, 2023, Trustees Mooney, Ruth, and Strine each repaid the amounts via check in the amount of \$2,431. As a result of these payments, the overpayment amounts listed above have been repaid in full and the Finding for Recovery is considered to be repaid under audit.

Officials' Response: See Corrective Action Plan

**CLARIDON TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022 AND 2021
(Continued)**

2. OTHER – FINDINGS FOR RECOVERY (Continued)

FINDING NUMBER 2022-003

Noncompliance Citation / Finding for Recovery Repaid Under Audit– Insurance Reimbursements

Ohio Rev. Code § 505.60(A) states as provided in this section and section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees.

Ohio Rev. Code § 505.60(D) states if any township officer or employee is denied coverage under a health care plan procured under this section or if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for each out-of-pocket premium attributable to the coverage provided for the officer or employee and their immediate dependents for insurance benefits described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officers and employees under any health care plan it procures under this section.

Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- (A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- (B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.
- (C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

In addition, the Federal 21st Century Cures Act, amended the ACA effective January 1, 2017. This act created an exception for "Qualified Small Employer Health Reimbursement Arrangements" or "QSEHRA", defined in **26 U.S.C. § 9831(d)(2)**, in which qualified eligible employers who make health care reimbursements may do so without threat of penalty. To qualify, a township must employ fewer than 50 full-time or full-time equivalent (FTE) employees and does not offer a group health plan to any of its employees. All of the following conditions must be applicable to the offered reimbursement program:

- 1. It is provided uniformly to all eligible employees;
- 2. It is funded solely by the eligible employer;

**CLARIDON TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022 AND 2021
(Continued)**

2. OTHER – FINDINGS FOR RECOVERY (Continued)

FINDING NUMBER 2022-003 (continued)

Noncompliance Citation / Finding for Recovery Repaid Under Audit– Insurance Reimbursements (continued)

3. No salary reduction contributions are made under the reimbursement plan; and
4. Payments and reimbursements for any year do not exceed \$4,950.00 per employee (\$10,000 if the arrangement provides for payments or reimbursements for family members of employee). The reimbursement maximum is notably increased annually by the IRS and the maximum for employees in 2021 was \$5,300 and in 2022 was \$5,450.

Ohio Const. Art. II, Section 20 states that the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

The Board of Township Trustees adopted a resolution in February of 2017 that merely stated that Section 18 of the 21st Century Cures does now permit the Township to reimburse elected officials for Health Insurance with less than 50 employees, with a cap of \$4,950 single plan; however, the resolution lacked the information necessary to discern the Township's policy, failing to specify which authority the Township was using to pay reimbursements or providing any other necessary information to discern the Township's policies. Further, there was no evidence that the Township properly secured and offered group health insurance policies for employees during 2021 and 2022.

The Fiscal Officer and Trustees received the following unallowable out-of-pocket expense reimbursements (that were not for health insurance premium amounts) during the audit period:

- Fiscal Officer Janet Stiverson- \$338 for prescriptions (\$338 in 2022);
- Trustee Tommy Ruth- \$1,448 for prescriptions, dental, and vaccines (\$430 in 2021, \$1,018 in 2022);
- Trustee Tim Mooney- \$2,576 for prescriptions and eye doctor visit expense (\$2,576 in 2022).

Notably, Trustee Tommy Ruth also received \$5,925 total in reimbursements for 2022, which was \$475 over the QSEHRA limit set by the IRS for employees in 2022.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Fiscal Officer Janet Stiverson, in the amount of \$338, Trustee Tommy Ruth, in the amount of \$1,448, and Trustee Tim Mooney in the amount of \$2,576, in favor of the Township's General Fund.

The overpayments were repaid by Fiscal Officer Janet Stiverson, Trustee Tommy Ruth, and Trustee Tim Mooney in the amounts of \$338, \$1,448 and \$2,576, respectively, on December 31, 2023 via check. As a result of these payments, the overpayment amounts listed above have been repaid in full and the Finding for Recovery is considered to be repaid under audit.

Officials' Response: See Corrective Action Plan

CLARIDON TOWNSHIP TRUSTEES

2272 CALEDONIA CLIMAX RD

CALEDONIA, OHIO 43314

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2022 AND 2021**

Finding Number: 2022-001
Planned Corrective Action: Post Fund Balance Adjustments
Anticipated Completion Date: December 19, 2023
Responsible Contact Person: Janet Stiverson, Fiscal Officer

Finding Number: 2022-002
Planned Corrective Action: Deposit of \$2,431.00 each for trustees Timothy Mooney, Tommy Ruth and Rex Strine Total Deposit \$7,293.00
Anticipated Completion Date: December 20, 2023
Responsible Contact Person: Janet Stiverson, Fiscal Officer

Finding Number: 2022-003
Planned Corrective Action: Deposit of \$338.00 Janet Stiverson- Deposit \$1,448 Tommy Ruth- Deposit \$2,576 Tim Mooney – Total Deposit \$4,362.00.
Anticipated Completion Date: December 21, 2023
Responsible Contact Person: Janet Stiverson, Fiscal Officer

THIS PAGE INTENTIONALLY LEFT BLANK

OHIO AUDITOR OF STATE KEITH FABER



CLARIDON TOWNSHIP

MARION 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 1/23/2024

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

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