



OHIO AUDITOR OF STATE
KEITH FABER



**UNION TOWNSHIP
LICKING COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Union Township
Licking County
1380 Beaver Run Road
Hebron, Ohio 43025

To the Board of Township Trustees:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion below, the accompanying financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code 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, 2021 and 2020, or the changes in financial position thereof for the year 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.

Efficient • Effective • Transparent

Basis for Qualified Opinion

The Township's year-end bank reconciliations for December 31, 2021 and 2020 contained unknown reconciling items of \$34,396 and \$48,518 respectively. The Township was not able to provide sufficient appropriate audit evidence to support unknown unreconciled differences for the years then ended. Therefore, we could not gain assurance over receipts, disbursements, and ending fund balances for the General and Special Revenue fund types for the years ended December 31, 2021 and 2020. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2024, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 24, 2024

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

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 229,358	\$ 1,611,220	\$ 1,840,578
Charges for Services	-	\$ 600	\$ 600
Licenses, Permits and Fees	18,138	13,371	31,509
Intergovernmental	47,027	620,904	667,931
Earnings on Investments	174	95	269
Miscellaneous	205	19,906	20,111
<i>Total Cash Receipts</i>	<u>294,902</u>	<u>2,266,096</u>	<u>2,560,998</u>
Cash Disbursements			
Current:			
General Government	267,222	870,721	1,137,943
Public Safety	46,100	505,636	551,736
Public Works	-	567,991	567,991
Capital Outlay	-	137,541	137,541
Debt Service:			
Principal Retirement	-	48,975	48,975
Interest and Fiscal Charges	-	2,883	2,883
<i>Total Cash Disbursements</i>	<u>313,322</u>	<u>2,133,747</u>	<u>2,447,069</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,420)</u>	<u>132,349</u>	<u>113,929</u>
Other Financing Receipts (Disbursements)			
Loans Issued	-	118,703	118,703
Sale of Capital Assets	-	11,283	11,283
Other Financing Sources	3,366	-	3,366
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,366</u>	<u>129,986</u>	<u>133,352</u>
<i>Net Change in Fund Cash Balances</i>	(15,054)	262,335	247,281
<i>Fund Cash Balances, January 1</i>	<u>326,507</u>	<u>425,709</u>	<u>752,216</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 311,453</u>	<u>\$ 688,044</u>	<u>\$ 999,497</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Union Township, Licking County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the Village of Hebron, Refugee Canyon Joint Fire District, and the Granville Volunteer Fire Department to provide fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool Note 6 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund

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

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 & Bridge Fund - This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

Fire Levy Fund - This fund receives property tax monies to pay for fire protection.

EMS Levy Fund - This fund receives property tax monies to pay for emergency medical services.

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

Basis of Accounting

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

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

Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2021 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

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

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.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

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

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$217,559	\$298,268	80,709
Special Revenue	1,790,363	2,396,082	605,719
Total	\$2,007,922	\$2,694,350	\$686,428

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$334,632	\$326,696	\$7,936
Special Revenue	2,021,017	2,168,017	(147,000)
Total	\$2,355,649	\$2,494,713	(\$139,064)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following Special Revenue funds for the year ended December 31, 2021: \$1,900 general fund, \$112,204 road and bridge fund; \$2,388 fire fund and \$59,995 in CARES-coronavirus relief fund.

Also contrary to Ohio law, appropriations exceeded estimated resources in the motor vehicle licens tax fund and the gas tax fund by \$1,049 and \$105,182 respectively.

Note 4 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$1,048,015
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$1,048,015

Deposits

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

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

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

The (local entity) 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
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10.0% percent of their gross salaries, and the Township contributed an amount equaling 14.0% percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

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

Note 8 – Postemployment Benefits

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

Note 9 – Debt

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

	Principal	Interest Rate
2018 Equipment Bond	\$19,717	4.44%
2021 Equipment Bond	88,607	2.90%
Total	\$108,324	

In 2018, the Township issued bonds in the amount of \$73,895 to purchase equipment to be used in repairing and maintaining roads. The bonds will be repaid over four years with interest at 4.44%. This will be repaid from the Road & Bridge Fund.

In 2021, the Township issued bond in the amount of \$118,703 to purchase equipment to be used in repairing and maintaining roads. The bonds will be repaid over four years with interest at 2.90%. This will be repaid from the Road & Bridge Fund.

Amortization

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

Year Ending December 31:	2018 Equipment Bond	2021 Equipment Bond
2022	\$ 20,592	\$ 31,266
2023	-	31,266
2024	-	31,266
Total	\$ 20,592	\$ 93,798

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.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would including the outstanding encumbrances. In the general fund and special revenue funds, outstanding encumbrances in the amounts of \$13,374 and \$34,107, respectively, are considered assigned.

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

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 of 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.

Note 13 – Jointly Governed Organizations

Refugee Canyon Joint Fire District is a joint venture between Union Township and the Village of Hebron. The Fire District Board is comprised of five members. Each political subdivision within the Fire District appoints one elected member from their respective board and an additional member who resides in the political subdivision. The fifth member of the Board shall be a resident in the Fire District, shall not be an elected official of the participating subdivisions, and shall be appointed by the other members of the Fire District Board of Trustees. The Fire District provides fire protection and rescue services.

Note 14 – Subsequent Events

The Refugee Canyon Joint Fire District (a jointly-governed organization) discussed in Note 13 above ceased operation on August 31, 2022 and was officially dissolved on December 31, 2022.

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

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 203,925	\$ 1,554,857	\$ 1,758,782
Licenses, Permits and Fees	24,228	15,934	40,162
Intergovernmental	44,457	492,998	537,455
Earnings on Investments	2,499	739	3,238
<i>Total Cash Receipts</i>	<u>275,109</u>	<u>2,064,528</u>	<u>2,339,637</u>
Cash Disbursements			
Current:			
General Government	247,605	1,162,605	1,410,210
Public Safety	67,648	401,029	468,677
Public Works	-	519,190	519,190
Health	-	948	948
Capital Outlay	90	52,547	52,637
Debt Service:			
Principal Retirement	-	18,069	18,069
Interest and Fiscal Charges	-	2,523	2,523
<i>Total Cash Disbursements</i>	<u>315,343</u>	<u>2,156,911</u>	<u>2,472,254</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(40,234)</u>	<u>(92,383)</u>	<u>(132,617)</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	15,000	15,000
Transfers Out	(15,000)	-	(15,000)
Other Financing Sources	259	5,796	6,055
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(14,741)</u>	<u>20,796</u>	<u>6,055</u>
<i>Net Change in Fund Cash Balances</i>	<u>(54,975)</u>	<u>(71,587)</u>	<u>(126,562)</u>
<i>Fund Cash Balances, January 1</i>	<u>381,482</u>	<u>497,296</u>	<u>878,778</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 326,507</u>	<u>\$ 425,709</u>	<u>\$ 752,216</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Union Township, Licking County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the Village of Hebron, Refugee Canyon Joint Fire District, and the Granville Volunteer Fire Department to provide fire protection and emergency medical services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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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:

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Fire Levy Fund - This fund receives property tax monies to pay for fire protection.

EMS Levy Fund - This fund receives property tax monies to pay for emergency medical services.

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

Basis of Accounting

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

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

Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

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

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.

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.

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

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

Note 3 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$211,547	\$275,368	\$63,821
Special Revenue	1,765,160	2,085,324	320,164
Total	\$1,976,707	\$2,360,692	\$383,985

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$464,318	\$330,343	\$133,975
Special Revenue	2,003,204	2,156,911	(153,707)
Total	\$2,467,522	\$2,487,254	(\$19,732)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following Special Revenue funds for the year ended December 31, 2020: \$12,196 motor vehicle license tax fund; \$ 11,245 gas tax fund; \$948 cemetery fund; \$184,444 fire fund and \$119,292 in CARES-coronavirus relief fund.

Note 4 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

Deposits

	2020
Cash Management Pool:	
Demand deposits	\$786,612
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$786,612

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

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

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

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
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10.0% percent of their gross salaries, and the Township contributed an amount equaling 14.0% percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

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

Note 8 – Postemployment Benefits

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

Note 9 – Debt

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

	Principal	Interest Rate
2018 Equipment Bond	\$38,595	4.44%
Total	\$38,595	

In 2018, the Township issued bonds in the amount of \$73,895 to purchase equipment to be used in repairing and maintaining roads. The bonds will be repaid over four years with interest at 4.44%. This will be repaid from the Road & Bridge Fund.

Amortization

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

Year Ending December 31:	Equipment Bond
2021	\$20,592
2022	20,592
Total	\$41,184

Note 12 – 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.

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. For the year ended December 31, 2020, the general fund, and special revenue funds, had no outstanding encumbrances.

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During 2020 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.

Note 14 – Jointly Governed Organizations

Refugee Canyon Joint Fire District is a jointly governed organization between Union Township and the Village of Hebron. The Fire District Board is comprised of five members. Each political subdivision within the Fire District appoints one elected member from their respective board and an additional member who resides in the political subdivision. The fifth member of the Board shall be a resident in the Fire District, shall not be an elected official of the participating subdivisions, and shall be appointed by the other members of the Fire District Board of Trustees. The Fire District provides fire protection and rescue services to the Township.

Note 15 – Subsequent Events

The Refugee Canyon Joint Fire District (a jointly-governed organization) discussed in Note 14 above ceased operation on August 31, 2022 and was officially dissolved on December 31, 2022.

OHIO AUDITOR OF STATE KEITH FABER



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

Union Township
Licking County
1380 Beaver Run Road
Hebron, Ohio 43025

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 combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Union Township, Licking County, (the Township) and have issued our report thereon dated April 24, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion on receipts and disbursements, and cash fund balances for governmental fund types as the Township had unsupported reconciling items of December 31, 2021 and 2020.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001, 2021-003 and 2021-007 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2021-002 and 2021-004 through 2021-006 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-004, 2021-006 and 2021-007.

Township's Response to Findings

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

Purpose of this Report

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

April 24, 2024

**UNION TOWNSHIP
LICKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township does not have sufficient internal controls in place to help ensure receipts, expenditures, and fund balances are properly classified and reported on the financial statements. As a result, below are descriptions of the reclassifications and adjustments that were deemed material and required posting to the Township's December 31, 2021 and 2020 financial statements:

2020:

- General fund and special revenue homestead and rollback intergovernmental revenue in the amount of \$9,122 and \$39,123 respectively, was misposted as property tax revenue.
- General fund property tax revenue receipt in the amount of \$13,078 was removed due to lack of proper supporting documentation maintained by the Township.
- Special revenue Cares Act intergovernmental revenue in the amount of \$181,434 was recognized as an adjustment to opening fund balance instead of revenue received during the year.
- Special revenue principal and interest payments in the amounts of \$18,069 and \$2,523, respectively, were misposted as public works expense.
- Three special revenue intergovernmental revenue receipts totaling \$33,435 were posted to the accounting system twice causing an overstatement of intergovernmental revenue.

2021:

- General fund and special revenue homestead and rollback intergovernmental revenue in the amount of \$21,014 and \$80,867 respectively, was misposted as property tax revenue.
- One general fund intergovernmental revenue receipt in the amount of \$1,203 was posted to the accounting system twice causing an overstatement of intergovernmental revenue.
- Two general fund opening fund balance adjustments were removed and posted to miscellaneous revenue and general government expenses for the removal of a stale dated check in the amount of \$205 and the reallocation of current year expense in the amount of \$163.
- Multiple adjustments to general fund opening fund balance were removed in the amount of \$18,591 due to a lack of supporting documentation maintained by the Township.
- Special revenue loan proceeds, intergovernmental revenue, sale of capital assets, and miscellaneous revenue in the amounts of \$118,703, \$48,393, \$11,283, and \$16,351, respectively, were misclassified as other financing sources.
- Special revenue principal and interest payments in the amounts of \$48,975 and \$2,883, respectively, were misclassified as public works expense.
- Three special revenue fund opening fund balance adjustments were removed and posted to miscellaneous revenue in the amount of \$3,554 due to improper treatment of stale-dated checks.
- One special revenue fund opening fund balance adjustment was removed and posted to general government expense in the amount of \$163 due to reallocation of current year expenses.
- Three adjustments to special revenue fund opening fund balance were removed totaling \$17,789 due to being unsupported by the Township.

**UNION TOWNSHIP
LICKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001 (continued)

Also, several changes to the notes to the financial statements were required for both years impacting the presentation of the debt, related organization, and the risk management footnote disclosures. Furthermore, the GASB 54 fund balance footnote disclosure had been omitted from the presentation for both years.

The Township has recorded these reclassifications and adjustments to the financial statements, accounting records, and notes to the financial statements. By not ensuring proper financial statement and notes to the financial statement's presentation, the Township cannot report accurate financial activity to its constituents.

The Township should implement additional procedures to provide assurance over the completeness and accuracy of information recorded in their accounting records and reported within the financial statements and the notes to the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2021-002

Board Monitoring – Significant Deficiency

The Board of Trustees should monitor the financial data of the Township. Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms to the users' expectations. Effective monitoring controls should identify unexpected results or exceptions, investigate underlying causes, and take corrective action.

During 2021 and 2020, the Township could not demonstrate a proper system of monitoring had been established and could not provide adequate documentation that appropriate reports were provided to the Board of Trustees on a routine basis.

Failure to monitor detailed financial activity of the Township increases the risk of errors, irregularities, or misappropriation of Township funds without the knowledge of the Board of Trustees.

The Fiscal Officer should provide the Board of Trustees with a financial report packet at least on a monthly basis. It is recommended the financial packet include the following information:

1. System-derived Cash Summary by Fund Report,
2. System-derived Revenue Status Report,
3. System-derived Appropriation Status Report,
4. System-derived Revenue Detail Report,
5. System-derived Payment Register Detail Report,
6. Monthly Bank to Book Reconciliation with supporting documentation and complete bank statements.

Officials' Response: We did not receive a response from Officials to this finding.

**UNION TOWNSHIP
LICKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-003

Timely Bank Reconciliations and Unreconciled Balances – Material Weakness

Sound accounting practices require that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records. The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

For the years 2021 and 2020, monthly bank to book reconciliations were not consistently prepared and reviewed each month. Monthly Bank to Book Reconciliations and the dates completed are as follows:

2020 Bank to Book Reconciliation Dates:

Reconciliation End Date	Completed Date
February 29, 2020	April 18, 2020
December 31, 2020	February 28, 2021

2021 Bank to Book Reconciliation Dates:

Reconciliation End Date	Completed Date
January 1, 2021	April 12, 2021
February 28, 2021	September 28, 2021
March 31, 2021	October 4, 2021
April 30, 2021	January 17, 2022
May 31, 2021	January 17, 2022
June 30, 2021	January 17, 2022
July 31, 2021	January 17, 2022
August 31, 2021	January 17, 2022
September 30, 2021	January 17, 2022
October 31, 2021	January 17, 2022
November 30, 2021	January 17, 2022
December 31, 2021	February 25, 2022

Due to the lack of proper reconciliation procedures, for the years ended December 31, 2021 and 2020 the Township was found to have unreconciled balances in the amounts of \$34,396 and \$48,518, respectively. These unreconciled balances could impact individual fund balances and we are not able to provide sufficient appropriate audit evidence to support the unknown differences. Therefore, we could not gain assurance over the beginning and ending fund balances for the General and Special Revenue fund types for the year December 31, 2021 and 2020, which resulted in an opinion modification.

**UNION TOWNSHIP
LICKING COUNTY**

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

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

FINDING NUMBER 2021-003 (continued)

Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should accurately record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. The Township investigate these unknown variances, noted above, and reconstruct fund balances from December 31, 2019 through December 31, 2021 to determine the correct fund balances by fund.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2021-004

Expenditures Exceeding Appropriations – Material Noncompliance / Significant Deficiency

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

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township had expenditures in excess of appropriations as follows:

December 31, 2020 Comparison			
Fund	Approved Appropriations	Total Expenses	Variance
2011	\$57,126	\$69,323	(\$12,196)
2021	\$138,698	\$149,943	(\$11,245)
2041	\$0	\$948	(\$948)
2191	\$939,958	\$1,124,402	(\$184,444)
2272	\$0	\$119,292	(\$119,292)

December 31, 2021 Comparison			
Fund	Approved Appropriations	Total Expenses	Variance
1000	\$324,632	\$326,531	(\$1,900)
2031	\$380,717	\$492,921	(\$112,204)
2191	\$890,858	\$893,246	(\$2,388)
2272	\$0	\$59,995	(\$59,995)

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

The Board of Trustees should closely monitor expenditures and appropriations (at the legal level of control) and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

UNION TOWNSHIP
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-004 (Continued)

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2021-005

System Budget Posting - Significant Deficiency

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

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

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

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

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

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

Officials' Response: We did not receive a response from Officials to this finding.

**UNION TOWNSHIP
LICKING COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-006

Appropriations Exceeding Estimated Resources – Material Noncompliance / Significant Deficiency

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2021 the Township's appropriations exceeded the amount certified as available by the budget commission in the Motor Vehicle License Tax Fund and the Gasoline Tax Fund by \$1,049 and \$105,182, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Township's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Township should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Trustees to reduce the appropriations.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2021-007

Recording in Incorrect Fund – Material Noncompliance / Material Weakness

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 the following receipts for the year ended December 31, 2020:

- Road and bridge fund homestead and rollback receipts in the amount of \$17,193 were incorrectly posted to the general fund.
- EMS and fire levy (1.5) homestead and rollback receipts in the amount of \$18,627 were incorrectly posted to the general fund.
- EMS and fire levy (1.8) homestead and rollback receipts in the amount of \$3,240 were incorrectly posted to the general fund.

Audit adjustments are reflected in the financial statements and 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: We did not receive a response from Officials to this finding.

Union Township Trustees

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

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance – Appropriations Exceeding Estimated Resources (since 2013)	Not Corrected	Repeated as Finding 2021-006.
2019-002	Material Weakness – Posting of Budget (since 2011)	Not Corrected	Repeated as Finding 2021-005.
2019-003	Material Weakness – Financial Reporting (since 2008)	Not Corrected	Repeated as Finding 2021-001.
2019-004	Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10(I) Negative Fund Balance	Fully Corrected	No negative fund balances occurred during the period under audit.
2019-005	Noncompliance – Ohio Rev. Code §505.371	Fully Corrected	Action did not take place during the period under audit.

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OHIO AUDITOR OF STATE KEITH FABER



UNION TOWNSHIP

LICKING 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 5/16/2024

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