



OHIO AUDITOR OF STATE
KEITH FABER



**UNION TOWNSHIP
SCIOTO 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, 2023.....	5
Notes to the Financial Statements For the Year Ended December 31, 2023.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	15
Notes to the Financial Statements For the Year Ended December 31, 2022.....	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings	31

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Union Township
Scioto County
50 Arion Road
McDermott, Ohio 45652

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Union Township, Scioto County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2023 and 2022, or the changes in financial position thereof for the 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.

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 June 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
June 24, 2024

This page intentionally left blank.

Union Township
Scioto 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, 2023

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$79,818	\$226,065			\$305,883
Charges for Services		33,198			33,198
Licenses, Permits and Fees		4,915			4,915
Intergovernmental	69,184	368,669		60,000	497,853
Earnings on Investments	7,573	1,450			9,023
Miscellaneous	1,750	6,900			8,650
<i>Total Cash Receipts</i>	<u>158,325</u>	<u>641,197</u>	<u>0</u>	<u>60,000</u>	<u>859,522</u>
Cash Disbursements					
Current:					
General Government	89,612	2,457			92,069
Public Safety		147,102			147,102
Public Works	2,556	141,046			143,602
Health		37,066			37,066
Capital Outlay	18,348	216,558		60,000	294,906
Debt Service:					
Principal Retirement		89,579	6,512		96,091
Interest and Fiscal Charges		16,815	4,394		21,209
<i>Total Cash Disbursements</i>	<u>110,516</u>	<u>650,623</u>	<u>10,906</u>	<u>60,000</u>	<u>832,045</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>47,809</u>	<u>(9,426)</u>	<u>(10,906)</u>	<u>0</u>	<u>27,477</u>
Other Financing Receipts (Disbursements)					
Transfers In			10,384		10,384
Transfers Out	(10,384)				(10,384)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,384)</u>	<u>0</u>	<u>10,384</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	37,425	(9,426)	(522)	0	27,477
<i>Fund Cash Balances, January 1</i>	<u>175,174</u>	<u>574,745</u>	<u>522</u>		<u>750,441</u>
<i>Fund Cash Balances, December 31</i>	<u>\$212,599</u>	<u>\$565,319</u>	<u>\$0</u>	<u>\$0</u>	<u>\$777,918</u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Union Township, Scioto County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all townships for property and casualty insurance coverage.

The Township’s management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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:

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 the Township.

Fire Special Levy Fund The fire special levy fund receives property tax money to provide fire protection for the residents of the Township.

EMS Special Levy Fund The EMS special levy fund receives property tax money to provide EMS services for the residents of the Township.

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Community Center Fund The Community Center Fund accounts for and reports resources restricted for retirement of debt issued to finance the Community Center.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Ohio Public Works Commission Fund This fund receives grant funds to help with joint paving projects with the Scioto County Engineer for paving of roads.

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 cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

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

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

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

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

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,900	\$158,325	\$81,425
Special Revenue	341,841	641,197	299,356
Debt Service	12,000	10,384	(1,616)
Capital Projects	0	60,000	60,000
Total	\$430,741	\$869,906	\$439,165

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$199,639	\$126,196	\$73,443
Special Revenue	823,671	687,276	136,395
Debt Service	11,163	10,906	257
Capital Projects	60,000	60,000	0
Total	\$1,094,473	\$884,378	\$210,095

Note 4 – Deposits

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

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$777,918

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$0 in unremitted employee payroll withholdings.

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.

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 taxes 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

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (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 (latest information available):

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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Social Security

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

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

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Wright's Run Road Loan # 1	\$5,024	5.00%
Blacktop Lease	22,957	3.44%
Fire Station Bonds	201,018	3.88%
Community Building Bonds	71,631	3.88%
2021 Ambulance Lease	189,442	3.41%
Wright's Run Road Loan # 2	22,860	5.64%
Total	<u>\$512,932</u>	

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

In March 2011, the Township authorized the issuance of bonds for the purpose of constructing and equipping a new fire station in the amount of \$450,000. Semi-annual installments of \$16,277 are required to repay these bonds for a period of 20 years. These bonds are secured by the full faith and credit of the Township. The interest rate is adjusted at five year intervals.

In October 2011, the Township authorized the issuance of bonds for the purpose of constructing a new community building in the amount of \$150,000. As of December 31, 2012, the Township had advanced the entire balance. After the first 6 months of the term, semi-annual installments are required to repay these bonds with a final payment due on April 30, 2032. For the first 6 months of the term, monthly amounts due represented only interest on the outstanding balance. These bonds are secured by the full faith and credit of the Township. The issuance includes a provision that the payment schedule will adjust on May 1, 2017; May 1, 2022; and May 1, 2027 based on the new interest rate so that the total payment (including principal and interest) will be level over the life of the bond.

In September 2015, the Township entered into a lease purchase agreement to finance paving and repairs to Cooper Road, Henry Cooper Road, Pleasant Hill Road and Mershon Road in the amount of \$100,000. Semi-annual installments of \$5,998 are required to repay this lease for a period of 10 years. This lease is secured by the full faith and credit of the Township. The issuance has a fixed interest rate of 3.44%.

On June 13, 2019, the Township entered into a loan agreement with Wesbanco Bank, Inc. The purpose of this loan is to cover their portion of the Ohio Public Works Grant to finance paving and repairs to Wright's Run Road in the amount of \$45,000. Semi-annual installments of \$5,101 are required to repay this loan for a period of 5 years. This loan is secured by the full faith and credit of the Township. The maturity date of the agreement is April 1, 2024.

On November 22, 2021, the Township entered into a loan with Wesbanco Bank, Inc. in the amount of \$45,000 with a fixed interest rate of 5.64% for the Township's portion of an Ohio Public Works Commission (OPWC) Project to finance the second half of Wright's Run Road improvement project. The loan has a four year term with monthly payment in the amount of \$1,051. The final payment is due on November 22, 2025. The note to finance this project is secured by the full faith and credit of the Township.

On December 8, 2021 the Township entered into a lease purchase agreement for the purpose of purchasing an ambulance for the Township's EMS in the amount of \$256,752. Annual installments of \$41,856 are required to repay the lease for a period of seven years with the final payment due on November 1, 2028. The equipment purchased serves as a security interest for the lease purchase agreement. Amortization of the above debt, including interest, is scheduled as follows:

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Year Ending December 31:	Wright's Run Road # 1	Blacktop Lease	Fire Station Bonds	Community Building Bonds	Wright's Run Road # 2	Ambulance Lease
2024	5,098	11,996	32,555	10,906	12,612	41,856
2025	0	11,996	32,555	10,906	12,612	41,856
2026	0	0	32,555	10,906	0	41,856
2027	0	0	32,555	10,906	0	41,856
2028	0	0	32,555	10,906	0	41,856
2029-2033	0	0	76,861	34,610	0	
Total	\$5,098	\$23,992	\$239,636	\$89,140	\$25,224	\$209,280

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	5,296	36,653	41,949
Total	\$5,296	\$36,653	\$41,949

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

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2023, the Township did not receive any additional COVID-19 funding but it did expend the remainder. 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.

Union Township
Scioto 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, 2022

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$67,220	\$216,431		\$283,651
Charges for Services		53,170		53,170
Licenses, Permits and Fees		5,952		5,952
Intergovernmental	35,308	288,675		323,983
Earnings on Investments	1,729	334		2,063
Miscellaneous	900	5,500		6,400
<i>Total Cash Receipts</i>	<u>105,157</u>	<u>570,062</u>	<u>0</u>	<u>675,219</u>
Cash Disbursements				
Current:				
General Government	84,908	57,166		142,074
Public Safety		152,057		152,057
Public Works	1,382	147,925		149,307
Health		34,468		34,468
Human Services		5,966		5,966
Capital Outlay		114,520		114,520
Debt Service:				
Principal Retirement		86,328	7,284	93,612
Interest and Fiscal Charges		19,985	3,893	23,878
<i>Total Cash Disbursements</i>	<u>86,290</u>	<u>618,415</u>	<u>11,177</u>	<u>715,882</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,867</u>	<u>(48,353)</u>	<u>(11,177)</u>	<u>(40,663)</u>
Other Financing Receipts (Disbursements)				
Transfers In			11,699	11,699
Transfers Out	(11,699)			(11,699)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,699)</u>	<u>0</u>	<u>11,699</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	7,168	(48,353)	522	(40,663)
<i>Fund Cash Balances, January 1</i>	<u>168,006</u>	<u>623,098</u>		<u>791,104</u>
<i>Fund Cash Balances, December 31</i>	<u>\$175,174</u>	<u>\$574,745</u>	<u>\$522</u>	<u>\$750,441</u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Union Township, Scioto County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all townships for property and casualty insurance coverage.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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:

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 the Township.

American Rescue Plan Act (ARPA) Fund The American Rescue Plan Act fund is restricted by governmental guidelines to assist the Township through the pandemic.

EMS Special Levy Fund The EMS special levy fund receives property tax money to provide EMS services for the residents of the Township.

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Community Center Fund The Community Center Fund accounts for and reports resources restricted for retirement of debt issued to finance the Community Center.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

Capital Assets

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

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Accumulated Leave

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

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,500	\$105,157	\$27,657
Special Revenue	450,941	570,062	119,121
Debt Service	10,654	11,699	1,045
Total	\$539,095	\$686,918	\$147,823

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,883	\$102,287	\$8,596
Special Revenue	813,763	644,408	169,355
Debt Service	10,654	11,177	(523)
Capital Projects	63,411	0	63,411
Total	\$998,711	\$757,872	\$240,839

Note 4 – Deposits

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

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$750,441

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$0 in unremitted employee payroll withholdings.

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

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Social Security

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

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

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

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

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Wright's Run Road Loan # 1	\$14,610	5.00%
Blacktop Lease	33,867	3.44%
Fire Station Bonds	224,905	3.88%
Community Building Bonds	78,414	3.88%
2021 Ambulance Lease	223,662	3.41%
Wright's Run Road Loan # 2	<u>33,830</u>	5.64%
Total	<u><u>\$609,288</u></u>	

In March 2011, the Township authorized the issuance of bonds for the purpose of constructing and equipping a new fire station in the amount of \$450,000. Semi-annual installments of \$16,277 are required to repay these bonds for a period of 20 years. These bonds are secured by the full faith and credit of the Township. The interest rate is adjusted at five year intervals.

In October 2011, the Township authorized the issuance of bonds for the purpose of constructing a new community building in the amount of \$150,000. As of December 31, 2012, the Township had advanced the entire balance. After the first 6 months of the term, semi-annual installments are required to repay these

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

bonds with a final payment due on April 30, 2032. For the first 6 months of the term, monthly amounts due represented only interest on the outstanding balance. These bonds are secured by the full faith and credit of the Township. The issuance includes a provision that the payment schedule will adjust on May 1, 2017; May 1, 2022; and May 1, 2027 based on the new interest rate so that the total payment (including principal and interest) will be level over the life of the bond.

In September 2015, the Township entered into a lease purchase agreement to finance paving and repairs to Cooper Road, Henry Cooper Road, Pleasant Hill Road and Mershon Road in the amount of \$100,000. Semi-annual installments of \$5,998 are required to repay this lease for a period of 10 years. This lease is secured by the full faith and credit of the Township. The issuance has a fixed interest rate of 3.44%.

On June 13, 2019, the Township entered into a loan agreement with Wesbanco Bank, Inc. The purpose of this loan is to cover their portion of the Ohio Public Works Grant to finance paving and repairs to Wright's Run Road in the amount of \$45,000. Semi-annual installments of \$5,101 are required to repay this loan for a period of 5 years. This loan is secured by the full faith and credit of the Township. The maturity date of the agreement is April 1, 2024.

On November 22, 2021, the Township entered into a loan with Wesbanco Bank, Inc. in the amount of \$45,000 with a fixed interest rate of 5.64% for the Township's portion of an Ohio Public Works Commission (OPWC) Project to finance the second half of Wright's Run Road improvement project. The loan has a four year term with monthly payment in the amount of \$1,051. The final payment is due on November 22, 2025. The note to finance this project is secured by the full faith and credit of the Township.

On December 8, 2021 the Township entered into a lease purchase agreement for the purpose of purchasing an ambulance for the Township's EMS in the amount of \$256,752. Annual installments of \$41,856 are required to repay the lease for a period of seven years with the final payment due on November 1, 2028. The equipment purchased serves as a security interest for the lease purchase agreement. Amortization of the above debt, including interest, is scheduled as follows:

Year Ending	Wright's Run Road	Blacktop Lease	Fire Station Bonds	Community Building Bonds	Wright's Run Road	Ambulance Lease
December 31:	# 1				# 2	
2023	10,202	11,996	32,555	10,906	12,601	41,856
2024	5,098	11,996	32,555	10,906	12,612	41,856
2025	0	11,996	32,555	10,906	12,612	41,856
2026	0	0	32,555	10,906	0	41,856
2027	0	0	32,555	10,906	0	41,856
2028-2032	0	0	109,416	49,065	0	41,856
Total	\$15,300	\$35,988	\$272,191	\$103,595	\$37,825	\$251,136

Note 10– Contingent Liabilities

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

Union Township
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	4,298	25,993	30,291
Total	\$4,298	\$25,993	\$30,291

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

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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



65 East State 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

Union Township
Scioto County
50 Arion Road
McDermott, Ohio 45652

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, 2023 and 2022 and the related notes to the financial statements of the Union Township, Scioto County, Ohio (the Township) and have issued our report thereon dated June 24, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

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
June 24, 2024

**UNION TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

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.

Due to deficiencies in internal control related to financial reporting, the Township misclassified and misposted various receipts and disbursements in the annual financial report submitted to the Auditor of State for fiscal years 2023 and 2022 as follows:

December 31, 2023 Financial Statements:

- Homestead and Rollback receipts in the amount of \$13,555 were recorded in the General Fund as Tax receipts instead of Intergovernmental receipts.
- Homestead and Rollback receipts in the amount of \$5,099 were recorded in the General Fund instead of being properly allocated to the following funds: Road and Bridge Fund - \$1,272; Cemetery Fund - \$292; Fire Special Levy - \$2,279; and EMS Special Levy - \$1,256.
- Capital Outlay disbursement in the amount of \$18,348 was recorded in the General Fund as General Government instead of Capital Outlay.
- Capital Outlay disbursement in the amount of \$34,808 was recorded in the ARPA Fund as General Government instead of Capital Outlay.
- On behalf of payments for an OPWC project were not recorded. This resulted in an understatement of Intergovernmental Receipts and Capital Outlay disbursements in the amount of \$60,000.
- On behalf of payments for a FEMA grant were not recorded. This resulted in an understatement of Intergovernmental Receipts and Capital Outlay disbursements in the amount of \$175,000.

December 31, 2022 Financial Statements:

- Homestead and Rollback receipts in the amount of \$12,404 were recorded in the General Fund as Tax receipts instead of Intergovernmental receipts.
- Capital Outlay disbursement in the amount of \$111,289 was recorded in the ARPA Fund as General Government and Human Services instead of Capital Outlay.

There were also immaterial adjustments that are not listed or included in the Township's Financial Statements noted. The Township has adjusted the financial statements and accounting system, where appropriate, to correct the errors noted above.

Failure to correctly classify transactions could result in errors in the financial statements presented to the Board and posted in Hinkle system.

**FINDING NUMBER 2023-001
 (Continued)**

To ensure the Township’s financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Township Fiscal Officer and Board of Trustees to identify and correct errors and omissions.

Officials’ Response:

We will strive to correct this in the future.

FINDING NUMBER 2023-002

Material Weakness

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

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board of Trustees 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 of Trustees 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.

For 2023 and 2022, the budgetary footnote information filed thru the Hinkle System was incorrectly reported due to the fact the UAN system was not properly updated. The following variances were noted:

Variances between estimated receipt amounts from Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2023 were as follows:

Fund	Estimated Receipts from Amended Certificate of Estimated Resources	Estimated Receipts in UAN System	Difference
General	\$76,900	\$74,900	\$2,000
Cemetery Fund	\$18,000	\$17,000	\$1,000
Special Levy (Fire) Fund	\$100,000	\$96,000	\$4,000
ARPA Fund	\$0	\$34,908	(\$34,908)

**FINDING NUMBER 2023-002
 (Continued)**

Variations between estimated receipt amounts from Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2022 were as follows:

Fund	Estimated Receipts from Amended Certificate of Estimated Resources	Estimated Receipts in UAN System	Difference
General	\$77,500	\$75,500	\$2,000
Special Levy (Fire) Fund	\$99,000	\$96,000	\$3,000
Ambulance - EMS Fund	\$95,000	\$93,000	\$2,000

Variations between approved budgetary appropriation amounts and amounts recorded in the Uniform Accounting Network (UAN) system at December 31, 2023 were as follows:

Fund	Approved Appropriations	Appropriations in UAN system	Difference
Gasoline Tax Fund	\$139,994	\$165,478	\$25,484
Road & Bridge Fund	\$25,779	\$33,019	\$7,240
Cemetery Fund	\$28,906	\$46,406	\$17,500
ARPA Fund	\$69,616	\$34,808	(\$34,808)

Variations between approved budgetary appropriation amounts and amounts recorded in the Uniform Accounting Network (UAN) system at December 31, 2022 were as follows:

Fund	Approved Appropriations	Appropriations in UAN system	Difference
General Fund	\$110,883	\$122,060	\$11,177
Gasoline Tax Fund	\$157,946	\$161,946	\$4,000
Special Levy (Fire) Fund	\$189,040	\$178,249	(\$10,791)
Ambulance - EMS Fund	\$154,209	\$180,728	\$26,519
ARPA Fund	\$15,000	\$215,460	\$200,460
Community Center Fund	\$10,654	\$11,176	\$522
OPWC Fund	\$63,410	\$0	(\$63,410)

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The original appropriations approved by Board of Trustees were posted to accounting system, but then amendments were made to those appropriations in the system, that were never approved by the Board of Trustees. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system accurately at all times thru out the year.

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 only appropriations approved by the Board of Trustees. 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 will strive to correct this in the future.

This page intentionally left blank.

**UNION TOWNSHIP
SCIOTO COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness - Sound Financial Reporting	Not Corrected.	Township did not monitor properly. Reissued as Finding Number 2023-001.
2021-002	Noncompliance Citation – Ohio Rev. Code § 5705.41(B), Expenditures exceeded appropriations	Partially Corrected.	Reissued in Management Letter.

OHIO AUDITOR OF STATE KEITH FABER



UNION TOWNSHIP

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/11/2024

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

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