

**EDEN TOWNSHIP
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Eden Township
10435 Eden Church Rd
St. Louisville, OH 43071

We have reviewed the *Independent Auditors' Report* of Eden Township, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Eden Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 06, 2021

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**EDEN TOWNSHIP
LICKING COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Eden Township
Licking County
10435 Eden Church Road
St. Louisville, Ohio 43071

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Eden Township, Licking County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Eden Township, Licking County as of December 31, 2020 and 2019, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the 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 year ended December 31, 2020 and 2019, and related notes of Eden Township, Licking County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements and Note 11 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2021, on our consideration of Eden 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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 4, 2021

**EDEN TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 44,426	\$ 207,964	\$ -	\$ 252,390
Licenses, Permits and Fees	4,841	-	-	4,841
Intergovernmental	42,176	169,903	-	212,079
Earnings on Investments	6,012	3,098	285	9,395
Miscellaneous	4,000	-	-	4,000
Total Cash Receipts	<u>101,455</u>	<u>380,965</u>	<u>285</u>	<u>482,705</u>
Cash Disbursements:				
Current:				
General Government	95,089	42,235	-	137,324
Public Safety	-	91,246	-	91,246
Public Works	323	142,613	-	142,936
Health	2,340	-	-	2,340
Capital Outlay	-	4,100	-	4,100
Debt Service:				
Principal Retirement	-	26,679	-	26,679
Interest and Fiscal Charges	-	2,692	-	2,692
Total Cash Disbursements	<u>97,752</u>	<u>309,565</u>	<u>-</u>	<u>407,317</u>
Excess of Receipts Over/(Under) Disbursements	3,703	71,400	285	75,388
Other Financing Receipts (Disbursements)				
Other Financing Sources	-	9,101	-	9,101
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>9,101</u>	<u>-</u>	<u>9,101</u>
Net Change in Fund Cash Balance	3,703	80,501	285	84,489
Fund Cash Balances, January 1	<u>84,431</u>	<u>298,654</u>	<u>16,380</u>	<u>399,465</u>
Fund Cash Balances, December 31	<u>\$ 88,134</u>	<u>\$ 379,155</u>	<u>\$ 16,665</u>	<u>\$ 483,954</u>

See notes to financial statements.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Eden Township, Licking County, (the Township) as a body corporate and politic. A publically elected three-member Board of Trustees directs the Township. The Township provides general government services, road, bridge maintenance, and cemetery maintenance. The Township contracts with Mary Ann Township and Newton Township to provide fire services and emergency medical services.

The Township participates in a public entity risk pool. Notes 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 and fiduciary fund types which are organized on a fund type basis.

B. 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:

Fire Levy Fund – This fund receives property tax monies to pay for contracted fire protection services.

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

Gasoline Tax Fund – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Fund

These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest on the nonexpendable corpus from a trust agreement. These funds are used for the maintenance and upkeep of the Township's Cemetery.

C. 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 and 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 canceled, and reappropriated in the subsequent year.

A summary of 2020 appears in Note 3.

D. Deposits and Investments

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

E. 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.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. 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.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. BUDGETARY ACTIVITY

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 48,777	\$ 101,455	\$ 52,678
Special Revenue	382,952	390,066	7,114
Permanent	-	285	285
Total	\$ 431,729	\$ 491,806	\$ 60,077

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 133,208	\$ 97,752	\$ 35,456
Special Revenue	681,606	309,565	372,041
Total	\$ 814,814	\$ 407,317	\$ 407,497

4. DEPOSITS AND INVESTMENTS

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 and investments. A summary of the Township's deposits and investment accounts are as follows:

	2020
<i>Cash Management Pool</i>	
Demand Deposits	\$ 467,574
Certificates of Deposits	16,380
Total Carrying Amount of Deposits and Investments held in Pool	\$ 483,954

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, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

5. PROPERTY TAX

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

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

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

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 (latest information available):

	<u>2019</u>
Assets	<u>\$15,920,504</u>
Liabilities	<u>(11,329,011)</u>
Retained Earnings	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2020.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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. OPERS contributes 2 percent of the employer contribution to fund these benefits. 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.

9. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest rate
Lease Purchase Agreement- Kansas State Bank	\$ 29,178	2.95%
Lease Purchase Agreement- Ford Motor Credit Company	13,404	5.45%
Total	\$ 42,582	

The Township entered into a master lease-purchase agreement in March of 2016 with Kansas State Bank to purchase a tractor and mower. It will be repaid from the Road & Bridge Fund over six years with an annual payment of \$15,235.

The Township entered into a master lease-purchase agreement in March of 2017 with Ford Motor Credit Company to purchase a dump truck. It will be repaid from the Road & Bridge Fund over five years with an annual payment of \$14,135.

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

Year Ended December 31	Kansas State	Ford Motor Credit
2021	\$ 15,235	\$ 14,135
2022	15,235	-
Total	\$ 30,470	\$ 14,135

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Government Risk Management Plan (the Plan) an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 expendable 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 those amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus	\$ -	\$ -	\$ 16,273	\$ 16,273
Outstanding Encumbrances	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,273</u>	<u>\$ 16,273</u>

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 include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

12. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The Township did not receive any CARES Act funding in 2020.

**EDEN TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 45,424	\$ 199,562	\$ -	\$ 244,986
Licenses, Permits and Fees	3,900	-	-	3,900
Intergovernmental	38,150	142,699	-	180,849
Earnings on Investments	2,009	670	107	2,786
Miscellaneous	3,990	-	-	3,990
Total Cash Receipts	<u>93,473</u>	<u>342,931</u>	<u>107</u>	<u>436,511</u>
Cash Disbursements:				
Current:				
General Government	88,348	38,221	-	126,569
Public Safety	-	93,066	-	93,066
Public Works	-	173,429	-	173,429
Health	7,635	-	-	7,635
Debt Service:				
Principal Retirement	-	25,623	-	25,623
Interest and Fiscal Charges	-	3,748	-	3,748
Total Cash Disbursements	<u>95,983</u>	<u>334,087</u>	<u>-</u>	<u>430,070</u>
Excess of Receipts Over/(Under) Disbursements	(2,510)	8,844	107	6,441
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	85	-	-	85
Total Other Financing Receipts (Disbursements)	<u>85</u>	<u>-</u>	<u>-</u>	<u>85</u>
Net Change in Fund Cash Balance	(2,425)	8,844	107	6,526
Fund Cash Balances, January 1	<u>86,856</u>	<u>289,810</u>	<u>16,273</u>	<u>392,939</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	16,273	16,273
Restricted	-	195,225	107	195,332
Committed	-	103,429	-	103,429
Unassigned (Deficit)	84,431	-	-	84,431
Fund Cash Balances, December 31	<u>\$ 84,431</u>	<u>\$ 298,654</u>	<u>\$ 16,380</u>	<u>\$ 399,465</u>

See notes to financial statements.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

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The Township participates in a public entity risk pool. Notes 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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B. Fund Accounting

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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.

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

Gasoline Tax Fund – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Fund

These funds account for and report financial resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest on the nonexpendable corpus from a trust agreement. These funds are used for the maintenance and upkeep of the Township's Cemetery.

C. 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 and 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 canceled, and reappropriated in the subsequent year.

A summary of 2019 appears in Note 3.

D. Deposits and Investments

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

E. 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.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. 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.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 73,052	\$ 93,558	\$ 20,506
Special Revenue	313,547	342,931	29,384
Permanent	-	107	107
Total	\$ 386,599	\$ 436,596	\$ 49,997

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 159,908	\$ 95,983	\$ 63,925
Special Revenue	603,347	334,087	269,260
Total	\$ 763,255	\$ 430,070	\$ 333,185

Contrary to ORC 5705.39, the Township had funds with appropriations exceeding estimated resources.

4. EQUITY IN POOLED CASH

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

	2019
Demand Deposits	\$ 233,087
Certificates of Deposit	166,378
Total Deposits	\$ 399,465

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

5. PROPERTY TAX

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

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

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

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019:

	<u>2019</u>
Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Retained Earnings	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2019.

**EDEN TOWNSHIP
LICKING COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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. OPERS contributes 2 percent of the employer contribution to fund these benefits. 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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

9. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest rate
Lease Purchase Agreement- Kansas State Bank	\$ 43,145	2.95%
Lease Purchase Agreement- Ford Motor Credit Company	26,116	5.45%
Total	\$ 69,261	

The Township entered into a master lease-purchase agreement in March of 2016 with Kansas State Bank to purchase a tractor and mower. It will be repaid from the Road & Bridge Fund over six years with an annual payment of \$15,235.

The Township entered into a master lease-purchase agreement in March of 2017 with Ford Motor Credit Company to purchase a dump truck. It will be repaid from the Road & Bridge Fund over five years with an annual payment of \$14,135.

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

Year Ended December 31	Kansas State	Ford Motor Credit
2020	\$ 15,235	\$ 14,135
2021	15,235	14,135
2022	15,235	-
Total	\$ 45,705	28,270

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Government Risk Management Plan (the Plan) an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

11. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Eden Township
Licking County
10435 Eden Church Road
St. Louisville, Ohio 43071

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019 and related notes of Eden Township, Licking County and have issued our report thereon dated June 4, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Eden Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weakness or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether Eden Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed four instances of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2020-002, 2020-003 and 2020-004.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 4, 2021

**EDEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Township Officer's Handbook provides suggested accounts classifications. These accounts classify receipts by fund and source (Taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not properly record all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following reclassifications and adjustments were made.

For 2019:

- A reclassification was made in the amount of \$25,623 and \$3,748 to increase Principal Retirement and Interest and Fiscal Charges, respectively and decrease Capital Outlay by \$29,135 and Public Works by \$236, respectively in the Road & Bridge Fund to properly show debt payments.
- A reclassification was made in the amount of \$6,850, \$4,427 and \$5,549 to increase Intergovernmental Revenue and to decrease Property and Other Local Taxes in the General Fund, Road & Bridge Fund and Fire Fund, respectively for rollbacks incorrectly posted.
- A reclassification in the amount of \$103,429 to increase Committed Fund Balance and decrease Restricted Fund Balance in the Road & Bridge Fund.

For 2020:

- A reclassification was made in the amount of \$26,679 and \$2,269 to increase Principal Retirement and Interest and Fiscal Charges, respectively and decrease Capital Outlay by \$29,135 and Public Works by \$236, respectively in the Road & Bridge Fund to properly show debt payments.
- A reclassification was made in the amount of \$6,937, \$8,975 and \$11,265 to increase Intergovernmental Revenue and to decrease Property and Other Local Taxes in the General Fund, Road & Bridge Fund and Fire Fund, respectively for rollbacks incorrectly posted.
- A reclassification in the amount of \$4,100 to increase Capital Outlay and decrease Public Works in the Gasoline Tax Fund

The reclassifications with which the Township Official's agree are reflected in the accompanying financial statements and posted to the accounting records.

We recommend the Township utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions.

Client Response: We have not received a response from the client.

**EDEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-002

Noncompliance

Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

For 2019, permanent appropriations were approved and filed with the County Auditor but after the due date.

We recommend the Fiscal Officer ensure its annual appropriation resolution is passed in a timely manner. The annual appropriation resolution should be signed by the Board of Trustees and maintained by the Fiscal Officer or attached to the minutes and filed with the County Auditor. If the Board of Trustees passes a temporary appropriation measure, the measure should provide detail such as fund, function and object and amount and signed copies should be maintained by the Fiscal Officer and presented for audit.

Client Response: We have not received a response from the client.

FINDING NUMBER 2020-003

Noncompliance

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. The Township had the following funds, which had appropriations greater than estimated revenues available.

Fund	Year	Estimated Revenues	Appropriations	Variance
MVL License Tax	2019	\$ 34,589	\$ 35,718	(1,129)
Gasoline Tax	2019	131,356	138,947	(7,591)
Road & Bridge	2019	248,305	257,143	(8,838)
Fire Levy	2019	160,628	171,539	(10,911)

We recommend the Trustees review estimated resources versus appropriations throughout the year and make any changes necessary to be in compliance. Trustees should not approve appropriations in excess of estimated resources as this could lead to the Township spending more money than allowed and possibly cause a negative fund balance.

Client Response: We have not received a response from the client.

**EDEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-004

Noncompliance

Ohio Revised Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. For financial information to be considered complete, financial statements must include footnotes. We noted the footnotes did not include certain information and there were some noted variances, as described below:

For December 31, 2020 were as follows:

- The Township did not include a Budgetary Activity footnote, a Public Entity Risk Pool footnote, Fund Balance footnote or the COVID-19 footnote.
- Updated the Deposits and Investments footnote to agree with report.
- Updated the Risk Management footnote with current information.
- Updated the Postemployment Benefits footnote.
- Updated the Debt footnote.

For December 31, 2019 were as follows:

- The Township did not include a Budgetary Activity footnote, a Public Entity Risk Pool footnote or Subsequent Event footnote.
- Updated the Equity in Pooled Cash footnote.
- Updated the Risk Management footnote with current information.
- Updated the Postemployment Benefits footnote.
- Updated the Debt footnote.

We recommend the Township complete accurate and complete financial information in a timely manner.

Client Response: We have not received a response from the client.

**EDEN TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Noncompliance ORC 5705.41(D) Expenditures prior to certification	Yes	Finding No Longer Valid
2018-002	Noncompliance Material Weakness ORC 5705.38(A) passing appropriations	No	Not Corrected: Cited in current report as finding 2020-002 filed late in 2019
2018-003	Noncompliance ORC 5705.41(B) Expenditures exceeding appropriations	Yes	Finding No Longer Valid
2018-004	Material Weakness Financial Reporting	No	Not Corrected: Cited in current report as finding 2020-001
2018-005	Material Weakness Budgetary Amounts not posted correctly in UAN	Yes	Finding No Longer Valid
2018-006	Noncompliance ORC 117.38 Financial Reporting	No	Not Corrected: Cited in current report as finding 2020-004

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OHIO AUDITOR OF STATE KEITH FABER



EDEN 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 7/20/2021

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