



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**STOKES TOWNSHIP
LOGAN COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Stokes Township
PO Box 82
Lakeview, OH 43331

We have reviewed the *Independent Auditor's Report* of Stokes Township, Logan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. 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. Stokes Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 14, 2023

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LOGAN COUNTY**

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LOGAN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Stokes Township
Logan County
P.O. Box 82, 275 S. Oak Street
Lakeview, Ohio 43331

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stokes Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2022 and 2021, and the respective changes in cash-basis financial position thereof and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Central Fire, and American Rescue Plan Funds for the years then ended in accordance with the cash-basis of accounting described in Note 2.

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.

Emphasis of Matter – Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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 23, 2023, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 23, 2023

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2022**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,999,776
Total Assets	\$ 3,999,776
 Net Position	
Restricted for:	
Other Purposes	\$ 3,336,297
Unrestricted	663,479
Total Net Position	\$ 3,999,776

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Cash Receipts</u>				Net (Disbursements) Receipts and Changes in Net Position
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
Current:					
General Government	\$ 228,832	\$ 15,206	\$ -	\$ -	\$ (213,626)
Public Safety	167,477	-	15,117	-	(152,360)
Public Works	170,338	33,808	171,782	140,821	176,073
Health	94,882	-	-	-	(94,882)
Capital Outlay	149,873	-	-	-	(149,873)
Total Governmental Activities	<u>\$ 811,402</u>	<u>\$ 49,014</u>	<u>\$ 186,899</u>	<u>\$ 140,821</u>	<u>(434,668)</u>
General Receipts:					
Property Taxes					469,141
Grants and Entitlements not Restricted to Specific Purposes					281,053
Cable Franchise Fees					45,397
Earnings on Investments					3,900
Miscellaneous					1,256
					<u>800,747</u>
					Change in Net Position 366,079
					Net Position Beginning of Year <u>3,633,697</u>
					Net Position End of Year <u>\$ 3,999,776</u>

See accompanying notes to the basic financial statements

STOKES TOWNSHIP
 LOGAN COUNTY
 STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2022

	General	Gasoline Tax	Road & Bridge	Central Fire	American Rescue Plan	Public Works Projects	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$ 663,479	\$ 612,817	\$ 2,080,811	\$ 57,878	\$ 178,460	\$ -	\$ 406,331	\$ 3,999,776
Total Assets	<u>\$ 663,479</u>	<u>\$ 612,817</u>	<u>\$ 2,080,811</u>	<u>\$ 57,878</u>	<u>\$ 178,460</u>	<u>\$ -</u>	<u>\$ 406,331</u>	<u>\$ 3,999,776</u>
Fund Balances								
Restricted	\$ -	\$ 612,817	\$ -	\$ 57,878	\$ 178,460	\$ -	\$ 406,331	\$ 1,255,486
Committed	-	-	2,080,811	-	-	-	-	2,080,811
Assigned	90,374	-	-	-	-	-	-	90,374
Unassigned	573,105	-	-	-	-	-	-	573,105
Total Fund Balances	<u>\$ 663,479</u>	<u>\$ 612,817</u>	<u>\$ 2,080,811</u>	<u>\$ 57,878</u>	<u>\$ 178,460</u>	<u>\$ -</u>	<u>\$ 406,331</u>	<u>\$ 3,999,776</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Gasoline Tax	Road & Bridge	Central Fire	American Rescue Plan	Public Works Projects	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$ 256,931	\$ -	\$ 89,424	\$ 121,930	\$ -	\$ -	\$ 856	\$ 469,141
Licenses, Permits and Fees	60,603	-	-	-	-	-	-	60,603
Intergovernmental	94,322	140,523	11,086	15,008	186,731	116,448	43,572	607,690
Special Assessments	-	-	-	-	-	-	33,808	33,808
Earnings on Investments	3,900	758	-	-	-	-	325	4,983
Miscellaneous	529	-	538	-	-	-	-	1,067
Total Receipts	416,285	141,281	101,048	136,938	186,731	116,448	78,561	1,177,292
Disbursements								
Current:								
General Government	169,980	-	2,348	3,301	53,025	-	178	228,832
Public Safety	300	-	-	130,000	36,276	-	901	167,477
Public Works	259	94,225	41,435	-	294	-	34,125	170,338
Health	-	-	-	-	94,882	-	-	94,882
Capital Outlay	-	-	-	-	9,052	116,448	24,373	149,873
Total Disbursements	170,539	94,225	43,783	133,301	193,529	116,448	59,577	811,402
Excess of Receipts Over (Under) Disbursements	245,746	47,056	57,265	3,637	(6,798)	-	18,984	365,890
Other Financing Sources								
Other Financing Sources	189	-	-	-	-	-	-	189
<i>Total Other Financing Sources</i>	189	-	-	-	-	-	-	189
Net Change in Fund Balances	245,935	47,056	57,265	3,637	(6,798)	-	18,984	366,079
Fund Balances Beginning of Year	417,544	565,761	2,023,546	54,241	185,258	-	387,347	3,633,697
Fund Balances End of Year	<u>\$ 663,479</u>	<u>\$ 612,817</u>	<u>\$ 2,080,811</u>	<u>\$ 57,878</u>	<u>\$ 178,460</u>	<u>\$ -</u>	<u>\$ 406,331</u>	<u>\$ 3,999,776</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 245,000	\$ 256,929	\$ 256,931	\$ 2
Licenses, Permits and Fees	62,000	60,603	60,603	-
Intergovernmental	65,454	89,340	94,322	4,982
Earnings on Investments	250	3,380	3,900	520
Miscellaneous	1,000	179,742	529	(179,213)
Total Receipts	<u>373,704</u>	<u>589,994</u>	<u>416,285</u>	<u>(173,709)</u>
Disbursements				
Current:				
General Government	344,341	346,341	170,028	176,313
Public Safety	52,000	48,000	300	47,700
Public Works	21,000	21,000	259	20,741
Health	95,000	96,000	1	95,999
Capital Outlay	45,000	46,000	3,900	42,100
Total Disbursements	<u>557,341</u>	<u>557,341</u>	<u>174,488</u>	<u>382,853</u>
Excess of Receipts Over (Under) Disbursements	<u>(183,637)</u>	<u>32,653</u>	<u>241,797</u>	<u>209,144</u>
Other Financing Sources (Uses)				
Other Financing Sources	-	189	189	-
Other Financing Uses	(3,000)	(3,000)	-	3,000
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(2,811)</u>	<u>189</u>	<u>3,000</u>
Net Change in Fund Balance	(186,637)	29,842	241,986	212,144
Fund Balance, January 1	<u>417,544</u>	<u>417,544</u>	<u>417,544</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 230,907</u>	<u>\$ 447,386</u>	<u>\$ 659,530</u>	<u>\$ 212,144</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 140,000	\$ 140,522	\$ 140,523	\$ 1
Earnings on Investments	50	649	758	109
Total Receipts	<u>140,050</u>	<u>141,171</u>	<u>141,281</u>	<u>110</u>
Disbursements				
Current:				
Public Works	220,000	220,000	94,225	125,775
Capital Outlay	125,000	125,000	-	125,000
Total Disbursements	<u>345,000</u>	<u>345,000</u>	<u>94,225</u>	<u>250,775</u>
Net Change in Fund Balance	(204,950)	(203,829)	47,056	250,885
Fund Balance, January 1	<u>565,761</u>	<u>565,761</u>	<u>565,761</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 360,811</u>	<u>\$ 361,932</u>	<u>\$ 612,817</u>	<u>\$ 250,885</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 83,000	\$ 89,046	\$ 89,424	\$ 378
Intergovernmental	10,000	11,086	11,086	-
Miscellaneous	4,000	538	538	-
<i>Total Receipts</i>	<u>97,000</u>	<u>100,670</u>	<u>101,048</u>	<u>378</u>
Disbursements				
Current:				
General Government	15,000	15,000	2,348	12,652
Public Works	380,495	380,495	81,617	298,878
Health	75,000	75,000	-	75,000
Capital Outlay	250,000	250,000	-	250,000
<i>Total Disbursements</i>	<u>720,495</u>	<u>720,495</u>	<u>83,965</u>	<u>636,530</u>
Net Change in Fund Balance	(623,495)	(619,825)	17,083	636,908
Unencumbered Fund Balance, January 1	2,019,051	2,019,051	2,019,051	-
Prior Year Encumbrances Appropriated	4,495	4,495	4,495	-
Fund Balance, December 31	<u>\$ 1,400,051</u>	<u>\$ 1,403,721</u>	<u>\$ 2,040,629</u>	<u>\$ 636,908</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CENTRAL FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 112,000	\$ 122,308	\$ 121,930	\$ (378)
Intergovernmental	14,000	15,008	15,008	-
<i>Total Receipts</i>	<u>126,000</u>	<u>137,316</u>	<u>136,938</u>	<u>(378)</u>
Disbursements				
Current:				
General Government	5,000	5,000	3,301	1,699
Public Safety	140,000	140,000	130,000	10,000
<i>Total Disbursements</i>	<u>145,000</u>	<u>145,000</u>	<u>133,301</u>	<u>11,699</u>
Net Change in Fund Balance	(19,000)	(7,684)	3,637	11,321
Fund Balance, January 1	<u>54,241</u>	<u>54,241</u>	<u>54,241</u>	<u>-</u>
Fund Balance, December 31	<u><u>\$ 35,241</u></u>	<u><u>\$ 46,557</u></u>	<u><u>\$ 57,878</u></u>	<u><u>\$ 11,321</u></u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
AMERICAN RESCUE PLAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 185,252	\$ 186,731	\$ 186,731	\$ -
<i>Total Receipts</i>	<u>185,252</u>	<u>186,731</u>	<u>186,731</u>	<u>-</u>
Disbursements				
Current:				
General Government	367,077	367,077	53,025	314,052
Public Safety	-	-	36,276	(36,276)
Public Works	-	-	294	(294)
Health	-	-	94,882	(94,882)
Capital Outlay	<u>-</u>	<u>-</u>	<u>9,052</u>	<u>(9,052)</u>
<i>Total Disbursements</i>	<u>367,077</u>	<u>367,077</u>	<u>193,529</u>	<u>173,548</u>
Net Change in Fund Balance	(181,825)	(180,346)	(6,798)	173,548
Unencumbered Fund Balance, January 1	172,138	172,138	172,138	-
Prior Year Encumbrances Appropriated	<u>13,120</u>	<u>13,120</u>	<u>13,120</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 3,433</u>	<u>\$ 4,912</u>	<u>\$ 178,460</u>	<u>\$ 173,548</u>

See accompanying notes to the basic financial statements

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

Stokes Township, Logan County, Ohio, (the Township) is a body politic and corporate established in 1838 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is composed of the primary government.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Villages of Lakeview and Jackson Center to provide fire protection. Police protection services are contracted with the Logan County Sheriff's Department. The Township is a member of the Indian Lake EMS Joint Ambulance District which provides emergency medical services to the Township. The relationship is further discussed in Note 9.

Jointly Governed Organizations and Public Entity Risk Pools

The township participates in jointly governed organization. Indian Lake EMS Ambulance provides emergency medical services to local governments. Note 10 to the financial statements provides additional information for this entity.

Jointly Governed Organizations:

Indian Lake EMS Ambulance provides emergency medical services to local governments.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting 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 governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

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.

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of roads within the Township.

Central Fire Fund The central fire fund accounts for and reports property taxes levied (outside millage) restricted to provide fire protection for the properties within the Township (excluding the southwest area).

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

American Rescue Plan Fund (ARP) The American Rescue Plan (ARP) fund accounts for and reports non-entitlement units of government (NEUs) funds restricted to provide relief to ensure an equitable, transparent, and responsible recovery from the COVID-19 pandemic and related economic crisis for all Americans. It provides support for health emergencies, premium pay for essential workers, revenue loss coverage and investments in water, sewer or broadband infrastructure within the Township. The Township opted to be included in the up to \$10 million standard allowance as revenue loss for provision of general government services.

Public Works Projects Fund (OPWC) The public works commission project fund accounts for and reports State OPWC grant money restricted for the purpose of improving Township infrastructure.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established by the Township at the fund, department, and object level for all funds. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2022 was \$3,900 which includes \$3,289 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Township are reported as restricted. Restricted assets represent the following funds: Motor Vehicle License Tax, Gasoline Tax, Central Fire District, Southwest Fire District, American Rescue Plan Act (ARPA), Lighting and Other Special Assessments.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. There were no interfund repayment transactions during 2022. There are no other outstanding interfund loans.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting. There were no unused leave payments for 2022.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for roads, fire services and street lighting.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Extraordinary Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The Township's inclusion in the Department of Treasury allowance for utilizing the American Rescue Plan Act of 2022 (ARPA) allocation as revenue loss for general government services, the Township identified qualified revenue replacement expenses. In 2022, these expenses accounted for \$179,213 of ARPA expenses. See Note 13 for additional detail.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Gasoline Tax, Road and Bridge, Central Fire, American Rescue Plan (ARP) funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to \$3,948 for the General Fund, \$451 for the Motor Vehicle Fund, and \$40,182 for the Road and Bridge Fund.

Note 4 – Deposits and Investments

State statutes classify monies held by the Township into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in 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.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

At year end, the Township had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,895,798 of the Township's bank balance of \$3,999,776 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Township's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be 50 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2022, was 1.9 mills or \$1.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows on the next page:

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes (Continued)

Property Taxes (Continued)

Real Property	
Residential	\$ 248,760,420
Agricultural	15,999,940
Commerical/Industrial/Mineral	16,062,230
Public Utility	<u>6,411,730</u>
Total	<u>\$ 287,234,320</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the Township contracted with several companies for various types of insurance coverage as follows:

Type of Coverage	Coverage
Ohio Twp. Association Risk Management Auth.	
Real and Personal Property	\$ 756,324
General Legal Liability	6,000,000
Wrongful Acts (Public Official) Liability	6,000,000
Law Enforcement Liability	6,000,000
Automobile Liability	6,000,000
Schedule of Covered Vehicles	322,947
Cyber Liability	6,000,000
Cyber Breach Coverage	250,000
Dishonesty	10,000
Bonds	5,000
Traveler's Casualty & Surety Co. of America	
Public Officials Bonds	\$ 195,000

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

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.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management (Continued)

The Township participates in the Sedgwick MCO, formerly Careworks Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Sedgwick MCO provides administrative, cost control and actuarial services to the GRP.

Casualty and Property Coverage

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). As described in Note 10, the Pool provides legal, property, and other forms of coverage.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits) on the following page:

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System (OPERS) (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2022 Actual Contribution Rates	
Employer:	
Pension ****	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
 Employee	 10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2022, the Township's contractually required contribution was \$19,965 for the traditional plan. The full amount has been contributed.

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$0 for the year 2022.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 – Jointly Governed Organizations

The Indian Lake EMS Joint Ambulance District, Logan County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed four-member Board of Trustees who are from the participating subdivisions, Stokes Township, Washington Township, the Village of Lakeview, and the Village of Russells Point. The District provides emergency medical and ambulance services to the citizens within the District. Financial information can be obtained from EMS Chief Josh Strayer, Indian Lake EMS Ambulance District, 280 N. Oak St., P.O. Box 6, Lakeview, Ohio 43331.

Note 10 – Public Entity Risk Pool

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 Township's policy. The Pool covers the following risks:

- General liability and casualty
- Employment practices liability
- Law enforcement liability
- Vehicles
- Equipment breakdown
- Public official's liability
- Cyber
- Automobile liability
- Property

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021 (the latest information available).

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

Note 11 – Related Party Transactions

Related party transactions are transactions that an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transactions. The term is often used in contrast to an arm's length transaction. A Township Trustee is an owner of a company, A&H Hose Fitting, Inc. from which the Township could acquire hoses during the year. The Township has this company as an active vendor but had \$0 purchases in 2022.

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented on the following page:

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 12 – Fund Balances (Continued)

Fund Balances	General	Gasoline Tax	Road & Bridge	Central Fire	American Rescue Plan	Other Governmental Funds	Total
Restricted for							
Road and Bridge	\$ -	\$ 612,817	\$ -	\$ -	\$ -	\$ 263,546	\$ 876,363
Fire Protection	-	-	-	57,878	-	1,253	59,131
Lighting	-	-	-	-	-	139,521	139,521
American Rescue Plan	-	-	-	-	178,460	-	178,460
Noxious Weeds/Other	-	-	-	-	-	2,011	2,011
<i>Total Restricted</i>	<u>-</u>	<u>612,817</u>	<u>-</u>	<u>57,878</u>	<u>178,460</u>	<u>406,331</u>	<u>1,255,486</u>
Committed to							
Road and Bridge	-	-	2,080,811	-	-	-	2,080,811
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>2,080,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,080,811</u>
Assigned to							
Subsequent Year Budget Deficit	86,426	-	-	-	-	-	86,426
Admin/Improvements	3,948	-	-	-	-	-	3,948
<i>Total Assigned</i>	<u>90,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,374</u>
Unassigned (Deficit)	<u>573,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,105</u>
<i>Total Fund Balances</i>	<u>\$ 663,479</u>	<u>\$ 612,817</u>	<u>\$ 2,080,811</u>	<u>\$ 57,878</u>	<u>\$ 178,460</u>	<u>\$ 406,331</u>	<u>\$ 3,999,776</u>

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 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. During 2022, the Township received American Rescue Plan funding in the amount of \$186,731.

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2021**

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,633,697
Total Assets	\$ 3,633,697
 Net Position	
Restricted for:	
Other Purposes	\$ 3,216,153
Unrestricted	417,544
Total Net Position	\$ 3,633,697

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Cash Receipts</u>				Net (Disbursements) Receipts and Changes in Net Position
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
Current:					
General Government	\$ 190,963	\$ 16,883	\$ -	\$ -	\$ (174,080)
Public Safety	167,184	-	15,032	-	(152,152)
Public Works	159,925	21,719	173,150	88,657	123,601
Health	91,082	-	-	-	(91,082)
Capital Outlay	88,657	-	-	-	(88,657)
Total Governmental Activities	<u>\$ 697,811</u>	<u>\$ 38,602</u>	<u>\$ 188,182</u>	<u>\$ 88,657</u>	<u>(382,370)</u>
General Receipts:					
Property Taxes					457,529
Grants and Entitlements not Restricted to Specific Purposes					274,201
Cable Franchise Fees					46,251
Earnings on Investments					286
Miscellaneous					7,257
					<u>785,524</u>
					Change in Net Position 403,154
					Net Position Beginning of Year <u>3,230,543</u>
					Net Position End of Year <u>\$ 3,633,697</u>

See accompanying notes to the basic financial statements

STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Gasoline Tax	Road & Bridge	Central Fire	American Rescue Plan	Misc Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$ 417,544	\$ 565,761	\$ 2,023,546	\$ 54,241	\$ 185,258	\$ -	\$ 387,347	\$ 3,633,697
Total Assets	<u>\$ 417,544</u>	<u>\$ 565,761</u>	<u>\$ 2,023,546</u>	<u>\$ 54,241</u>	<u>\$ 185,258</u>	<u>\$ -</u>	<u>\$ 387,347</u>	<u>\$ 3,633,697</u>
Fund Balances								
Restricted	\$ -	\$ 565,761	\$ -	\$ 54,241	\$ 185,258	\$ -	\$ 387,347	\$ 1,192,607
Committed	-	-	2,023,546	-	-	-	-	2,023,546
Assigned	142,797	-	-	-	-	-	-	142,797
Unassigned	274,747	-	-	-	-	-	-	274,747
Total Fund Balances	<u>\$ 417,544</u>	<u>\$ 565,761</u>	<u>\$ 2,023,546</u>	<u>\$ 54,241</u>	<u>\$ 185,258</u>	<u>\$ -</u>	<u>\$ 387,347</u>	<u>\$ 3,633,697</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road & Bridge</u>	<u>Central Fire</u>	<u>American Rescue Plan</u>	<u>Misc Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts								
Property and Other Local Taxes	\$ 250,437	\$ -	\$ 87,163	\$ 119,036	\$ -	\$ -	\$ 893	\$ 457,529
Licenses, Permits and Fees	63,134	-	-	-	-	-	-	63,134
Intergovernmental	88,948	142,636	10,997	14,923	185,253	88,657	19,548	550,962
Special Assessments	-	-	-	-	-	-	21,719	21,719
Earnings on Investments	281	54	-	-	5	-	24	364
Miscellaneous	2,293	-	4,517	-	-	-	-	6,810
Total Receipts	<u>405,093</u>	<u>142,690</u>	<u>102,677</u>	<u>133,959</u>	<u>185,258</u>	<u>88,657</u>	<u>42,184</u>	<u>1,100,518</u>
Disbursements								
Current:								
General Government	185,556	-	2,205	3,013	-	-	189	190,963
Public Safety	36,286	-	-	129,999	-	-	899	167,184
Public Works	464	85,668	44,813	-	-	-	28,980	159,925
Health	91,082	-	-	-	-	-	-	91,082
Capital Outlay	-	-	-	-	-	88,657	-	88,657
Total Disbursements	<u>313,388</u>	<u>85,668</u>	<u>47,018</u>	<u>133,012</u>	<u>-</u>	<u>88,657</u>	<u>30,068</u>	<u>697,811</u>
Excess of Receipts Over (Under) Disbursements	<u>91,705</u>	<u>57,022</u>	<u>55,659</u>	<u>947</u>	<u>185,258</u>	<u>-</u>	<u>12,116</u>	<u>402,707</u>
Other Financing Sources								
Other Financing Sources	447	-	-	-	-	-	-	447
Total Other Financing Sources	<u>447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447</u>
Net Change in Fund Balances	92,152	57,022	55,659	947	185,258	-	12,116	403,154
Fund Balances Beginning of Year	325,392	508,739	1,967,887	53,294	-	-	375,231	3,230,543
Fund Balances End of Year	<u>\$ 417,544</u>	<u>\$ 565,761</u>	<u>\$ 2,023,546</u>	<u>\$ 54,241</u>	<u>\$ 185,258</u>	<u>\$ -</u>	<u>\$ 387,347</u>	<u>\$ 3,633,697</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 161,000	\$ 250,438	\$ 250,437	\$ (1)
Licenses, Permits and Fees	65,000	63,134	63,134	-
Intergovernmental	44,924	88,948	88,948	-
Earnings on Investments	500	280	281	1
Miscellaneous	1,000	2,293	2,293	-
Total Receipts	<u>272,424</u>	<u>405,093</u>	<u>405,093</u>	<u>-</u>
Disbursements				
Current:				
General Government	342,126	342,126	185,556	156,570
Public Safety	52,000	52,000	36,286	15,714
Public Works	21,000	21,000	464	20,536
Health	95,000	95,000	91,082	3,918
Capital Outlay	45,000	45,000	-	45,000
Total Disbursements	<u>555,126</u>	<u>555,126</u>	<u>313,388</u>	<u>241,738</u>
Excess of Receipts Over (Under) Disbursements	<u>(282,702)</u>	<u>(150,033)</u>	<u>91,705</u>	<u>241,738</u>
Other Financing Sources (Uses)				
Other Financing Sources	-	447	447	-
Other Financing Uses	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(2,553)</u>	<u>447</u>	<u>3,000</u>
Net Change in Fund Balance	(285,702)	(152,586)	92,152	244,738
Unencumbered Fund Balance, January 1	324,392	324,392	324,392	-
Prior Year Encumbrances Appropriated	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 39,690</u>	<u>\$ 172,806</u>	<u>\$ 417,544</u>	<u>\$ 244,738</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 137,000	\$ 142,635	\$ 142,636	\$ 1
Earnings on Investments	100	54	54	-
Total Receipts	<u>137,100</u>	<u>142,689</u>	<u>142,690</u>	<u>1</u>
Disbursements				
Current:				
Public Works	220,000	219,999	85,668	134,331
Capital Outlay	125,000	125,000	-	125,000
Total Disbursements	<u>345,000</u>	<u>344,999</u>	<u>85,668</u>	<u>259,331</u>
Net Change in Fund Balance	(207,900)	(202,310)	57,022	259,332
Fund Balance, January 1	508,739	508,739	508,739	-
Fund Balance, December 31	<u>\$ 300,839</u>	<u>\$ 306,429</u>	<u>\$ 565,761</u>	<u>\$ 259,332</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 118,000	\$ 87,163	\$ 87,163	\$ -
Intergovernmental	33,000	10,997	10,997	-
Miscellaneous	4,500	4,517	4,517	-
Total Receipts	155,500	102,677	102,677	-
Disbursements				
Current:				
General Government	15,000	15,000	2,205	12,795
Public Works	377,250	377,250	49,308	327,942
Health	75,000	75,000	-	75,000
Capital Outlay	250,000	250,000	-	250,000
Total Disbursements	717,250	717,250	51,513	665,737
Net Change in Fund Balance	(561,750)	(614,573)	51,164	665,737
Unencumbered Fund Balance, January 1	1,966,277	1,966,277	1,966,277	-
Prior Year Encumbrances Appropriated	1,610	1,610	1,610	-
Fund Balance, December 31	\$ 1,406,137	\$ 1,353,314	\$ 2,019,051	\$ 665,737

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CENTRAL FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 111,000	\$ 119,036	\$ 119,036	\$ -
Intergovernmental	15,000	14,923	14,923	-
Total Receipts	<u>126,000</u>	<u>133,959</u>	<u>133,959</u>	<u>-</u>
Disbursements				
Current:				
General Government	5,000	5,000	3,013	1,987
Public Safety	140,000	140,000	129,999	10,001
Total Disbursements	<u>145,000</u>	<u>145,000</u>	<u>133,012</u>	<u>11,988</u>
Net Change in Fund Balance	(19,000)	(11,041)	947	11,988
Fund Balance, January 1	53,294	53,294	53,294	-
Fund Balance, December 31	<u>\$ 34,294</u>	<u>\$ 42,253</u>	<u>\$ 54,241</u>	<u>\$ 11,988</u>

See accompanying notes to the basic financial statements

**STOKES TOWNSHIP
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
AMERICAN RESCUE PLAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 370,504	\$ 185,252	\$ 185,253	\$ 1
Earnings on Investments	-	5	5	-
Total Receipts	<u>370,504</u>	<u>185,257</u>	<u>185,258</u>	<u>1</u>
Disbursements				
Current:				
General Government	<u>185,252</u>	<u>185,252</u>	<u>13,120</u>	<u>172,132</u>
Total Disbursements	<u>185,252</u>	<u>185,252</u>	<u>13,120</u>	<u>172,132</u>
Net Change in Fund Balance	185,252	5	172,138	172,133
Fund Balance, January 1	-	-	-	-
Fund Balance, December 31	<u>\$ 185,252</u>	<u>\$ 5</u>	<u>\$ 172,138</u>	<u>\$ 172,133</u>

See accompanying notes to the basic financial statements

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

Stokes Township, Logan County, Ohio (the Township), is a body politic and corporate established in 1838 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is composed of the primary government.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Villages of Lakeview and Jackson Center to provide fire protection. Police protection services are contracted with the Logan County Sheriff's Department. The Township is a member of the Indian Lake EMS Joint Ambulance District which provides emergency medical services to the Township. The relationship is further discussed in Note 9.

Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a jointly governed organization and a public entity risk pool. Notes 6, 9 and 10 to the financial statements provides additional information for these entities. These organizations are described as follows:

Jointly Governed Organizations:

Indian Lake EMS Ambulance provides emergency medical services to local governments.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting 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 governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

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.

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of roads within the Township.

Central Fire Fund The central fire fund accounts for and reports property taxes levied (outside millage) restricted to provide fire protection for the properties within the Township (excluding the southwest area).

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

American Rescue Plan Fund (ARP) The American Rescue Plan (ARP) fund accounts for and reports non-entitlement units of government (NEUs) funds restricted to provide relief to ensure an equitable, transparent, and responsible recovery from the COVID-19 pandemic and related economic crisis for all Americans. It provides support for health emergencies, premium pay for essential workers, revenue loss coverage, and investments in water, sewer or broadband infrastructure within the Township.

Public Works Projects Fund (OPWC) The public works commission project fund accounts for and reports State OPWC grant money restricted for the purpose of improving Township infrastructure.

The other governmental funds of the Township account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established by the Township at the fund, department, and object level for all funds. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to State statutes or grant requirements. Interest receipts credited to the General Fund during 2021 was \$281 which includes \$225 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Township are reported as restricted. Restricted assets represent the following funds: Motor Vehicle License Tax, Gasoline Tax, Central Fire District, Southwest Fire District, American Rescue Plan Act (ARPA), Lighting and Other Special Assessments.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. There were no interfund repayment transactions during 2021. There are no other outstanding interfund loans.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting. There were no unused leave payments for 2021.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for roads, fire services and street lighting.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Gasoline Tax, Road and Bridge, Central Fire, American Rescue Plan (ARP) funds prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The encumbrances outstanding at year-end (budgetary basis) amounted to \$1,272 for the Motor Vehicle Fund, \$13,120 for the American Rescue Plan (ARP) Fund and \$4,495 for the Road and Bridge Fund.

Note 4 – Deposits and Investments

State statutes classify monies held by the Township into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (Continued)

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in 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.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (Continued)

At year end, the Township had no un-deposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,372,994 of the Township's bank balance of \$3,633,697 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Township's financial institution was approved for a reduced collateral rate of 60 percent through the Ohio Pooled Collateral System.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2021, was 1.9 mills or \$1.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as on the following page:

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 – Taxes (Continued)

Property Taxes (Continued)

Real Property	
Residential	\$ 176,412,720
Agricultural	14,409,890
Commerical/Industrial/Mineral	14,276,090
Public Utility	<u>6,004,190</u>
 Total	 <u><u>\$ 211,102,890</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, the Township contracted with several companies for various types of insurance coverage as on the following page:

Type of Coverage	Coverage
Ohio Twp. Association Risk Management Auth.	
Real and Personal Property	\$ 736,278
General Legal Liability	6,000,000
Wrongful Acts (Public Official) Liability	6,000,000
Law Enforcement Liability	6,000,000
Automobile Liability	6,000,000
Schedule of Covered Vehicles	322,947
Cyber Liability	6,000,000
Cyber Breach Coverage	250,000
Dishonesty	10,000
Bonds	5,000
Traveler's Casualty & Surety Co. of America	
Public Officials Bonds	\$ 195,000

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

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.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management (Continued)

The Township participates in the Sedgwick MCO, formerly Careworks Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Sedgwick MCO provides administrative, cost control and actuarial services to the GRP.

Casualty and Property Coverage

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). As described in Note 10, the Pool provides legal, property, and other forms of coverage.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits) on the following page:

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as noted below:

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2022 Actual Contribution Rates	
Employer:	
Pension ****	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
 Employee	 10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution for the year ended December 31, 2021 was \$23,813. The full amount has been contributed.

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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, 2021.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$0 for the year 2021.

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 – Jointly Governed Organizations

The Indian Lake EMS Joint Ambulance District, Logan County, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed four-member Board of Trustees who are from the participating subdivisions, Stokes Township, Washington Township, the Village of Lakeview, and the Village of Russells Point. The District provides emergency medical and ambulance services to the citizens within the District. Financial information can be obtained from EMS Chief Josh Strayer, Indian Lake EMS Ambulance District, 280 N. Oak St., P.O. Box 6, Lakeview, Ohio 43331.

Note 10 – Public Entity Risk Pool

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 Township's policy. The Pool covers the following risks:

- General liability and casualty
- Employment practices liability
- Law enforcement liability
- Vehicles
- Equipment breakdown
- Public official's liability
- Cyber
- Automobile liability
- Property

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021.

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

Note 11 – Related Party Transactions

Related party transactions are transactions that an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transactions. The term is often used in contrast to an arm's length transaction. A Township Trustee, Tim Hart, is an owner of a company, A&H Hose Fitting, Inc. from which the Township could acquire hoses during the year. The Township has this company as an active vendor and made \$41 in purchases in 2021.

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented on the following page:

Stokes Township
Logan County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 12 – Fund Balances (Continued)

Fund Balances	General	Gasoline Tax	Road & Bridge	Central Fire	American Rescue Plan	Other Governmental Funds	Total
Restricted for							
Road and Bridge	\$ -	\$ 565,761	\$ -	\$ -	\$ -	\$ 249,004	\$ 814,765
Fire Protection	-	-	-	54,241	-	1,206	55,447
Lighting	-	-	-	-	-	135,126	135,126
American Rescue Plan	-	-	-	-	185,258	-	185,258
Noxious Weeds/Other	-	-	-	-	-	2,011	2,011
<i>Total Restricted</i>	<u>-</u>	<u>565,761</u>	<u>-</u>	<u>54,241</u>	<u>185,258</u>	<u>387,347</u>	<u>1,192,607</u>
Committed to							
Road and Bridge	-	-	2,023,546	-	-	-	2,023,546
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>2,023,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,023,546</u>
Assigned to							
Subsequent Year Budget Deficit	142,797	-	-	-	-	-	142,797
Unassigned (Deficit)	<u>274,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,747</u>
<i>Total Fund Balances</i>	<u>\$ 417,544</u>	<u>\$ 565,761</u>	<u>\$ 2,023,546</u>	<u>\$ 54,241</u>	<u>\$ 185,258</u>	<u>\$ 387,347</u>	<u>\$ 3,633,697</u>

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 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. During 2021, the Township received American Rescue Plan funding in the amount of \$185,253 and will receive a similar amount in 2022.

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

Stokes Township
Logan County
P.O. Box 82, 275 S. Oak Street
Lakeview, Ohio 43331

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stokes Township, Logan County, (the Township) as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 23, 2023, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 23, 2023

OHIO AUDITOR OF STATE KEITH FABER



STOKES TOWNSHIP

LOGAN 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 7/27/2023

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