

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts						
Property and Other Local Taxes	\$40,398	\$39,223	\$0	\$0	\$0	\$79,621
Charges for Services	0	0	0	0	0	0
Licenses, Permits and Fees	0	2,200	0	0	0	2,200
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	20,608	156,745	0	0	0	177,353
Special Assessments	0	0	0	0	0	0
Earnings on Investments	10,925	0	0	0	0	10,925
Miscellaneous	2,850	2,840	0	0	0	5,690
<i>Total Cash Receipts</i>	<u>74,781</u>	<u>201,008</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>275,789</u>
Cash Disbursements						
Current:						
General Government	66,754	30,245	0	0	0	96,999
Public Safety	0	36,570	0	0	0	36,570
Public Works	1,380	84,177	0	0	0	85,557
Health	11,879	1,528	0	0	0	13,407
Human Services	0	0	0	0	0	0
Conservation-Recreation	0	0	0	0	0	0
Other	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0
Capital Outlay	0	46,800	0	0	0	46,800
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<i>Total Cash Disbursements</i>	<u>80,013</u>	<u>199,320</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>279,333</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,232)</u>	<u>1,688</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,544)</u>
Other Financing Receipts (Disbursements)						
Sale of Bonds	0	0	0	0	0	0
Sale of Refunding Bonds	0	0	0	0	0	0
Sale of Notes	0	0	0	0	0	0
Loans Issued	0	0	0	0	0	0
Other Debt Proceeds	0	0	0	0	0	0
Premium and Accrued Interest on Debt	0	0	0	0	0	0
Discount on Debt	0	0	0	0	0	0

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Other Financing Uses	0	0	0	0	0	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Item	0	0	0	0	0	0
Extraordinary Item	0	0	0	0	0	0
<i>Net Change in Fund Cash Balances</i>	<u>(5,232)</u>	<u>1,688</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,544)</u>
<i>Fund Cash Balances, January 1</i>	<u>107,444</u>	<u>378,690</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>486,134</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$102,212</u></u>	<u><u>\$380,378</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$482,590</u></u>

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Canaan Township, Morrow County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The township contracts with the Village of Mount Gilead and the Iberia Joint Fire District to provide fire and emergency medical services for two-thirds of the township. The remaining residents are part of the 1st Consolidated Fire District, Marion County, and 1st Consolidated provides their fire and emergency medical services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in OTARMA, a governmental risk-sharing pool whose Members consist solely of Ohio Townships. Note 7 to the financial statements provide additional information for this organization.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Road and Bridge Fund - The Road and Bridge Fund accounts for and reports that portion of inside millage on real property that is restricted for maintenance and repair of township roads.

Cemetery Fund – The Cemetery Fund accounts for and reports the revenues from cemetery lot sales and burial fees that are restricted to the maintenance and repair of the township cemeteries.

Fire Fund – The Fire Fund is a special levy fund that reports the revenues from the levy millage approved by the residents for the purpose of contracting for fire protection for township residents not in the 1st Consolidated Fire District. Currently the township contracts with the Village of Mount Gilead Fire Department and the Iberia Joint Fire District for these services.

Federal Relief Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for relief from the COVID-19 pandemic. The Township has the following fund to account for receipt and expenditure of American Rescue Act Plan Funding:

Local Fiscal Recovery Fund - The township received funds from the federal government for relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses. The funds can be used to support public health expenditures, replace lost public sector revenue, provide premium pay for essential workers, or to invest in water, sewer, and broadband infrastructure. The township has until 12/31/2024 to obligate the funds and until 12/31/2026 to spend the funds.

Basis of Accounting

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

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38.

Budgetary Process

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

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

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

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes no investments as assets.

The township has a portion of its money in an Insured Cash Sweep (ICS) Money Market Account (MMA) with Park National Bank. This account earns interest at the same rate for all accounts but provides daily liquidity in all transactions.

Capital Assets

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

Fund Balance

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

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

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

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

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

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

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Note 3 – Budgetary Activity

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

20CY Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,100	\$74,781	\$9,681
Special Revenue	258,700	275,787	17,087
Debt Service			0
Capital Projects			0
Internal Service			0
Permanent			0
Fiduciary			0
Total	\$323,800	\$350,568	\$26,768

20CY Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,544	\$80,013	\$92,531
Special Revenue	572,827	199,318	373,509
Debt Service			0
Capital Projects			0
Internal Service			0
Permanent			0
Fiduciary			0
Total	\$745,371	\$279,331	\$466,040

Note 4 – Deposits and Investments

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

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2023

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$101,620
Certificates of deposit	380,920
Other time deposits (savings and NOW accounts)	
Total deposits	482,540
U.S. Treasury Notes	0
STAR Ohio	0
Repurchase agreement	0
Common stock (at cost, fair value was \$0 at December 31, 2023)	0
Total investments	0
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$482,540

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

At December 31, 2023, the Township held \$0 in equity securities. Equity securities are not eligible investments for the Township under Ohio law.

Deposits

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

At December 31, 2023, \$0 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – Property Taxes

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

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

Note 6 – Interfund Balances

None

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Risk Management

The Township is exposed to various risks of property and casualty losses and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township also belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. Sedgwick Managed Care Ohio functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Workers’ Compensation

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

Risk Pool Membership

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

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

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

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

The time period of the information reported above is the most recent information available at the time this footnote was prepared.

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Self-Insurance:

The Township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead under section 505.61 of the Revised Code to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

The Healthcare Reimbursement Fund pays employees for the insurance premiums paid by the officials for policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. The total payments for each official or employee in a calendar year shall not exceed \$5,000 for an individual or \$10,000 for a family. The reimbursement is payable upon receipt of a statement of the insurance premiums paid and copies of receipts or proofs of payments each month or quarter or any other time period the official chooses to use for submission. All payments made in a calendar year must be submitted by December 31 of the year they were paid.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2023.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2023</i>	<i>10.00%</i>	<i>14.00%</i>

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent.

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Public Entity Risk Pool

The Township participates in the Sedgwick Managed Care Ohio plan (Sedgwick MCO) for worker's compensation. The pool's business and affairs are lead by a team of six members who have an average tenure of over 20 years with Sedgwick MCO. They consist of a president and 5 vice-presidents – medical director, quality assurance, operations support, clinical operations, and client services. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – 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 ended in April 2023. The financial impact of COVID-19 will continue to impact subsequent periods of the Township. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.