

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

For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$41,856	\$43,525	\$0	\$0	\$0	\$85,381
Charges for Services	0	0	0	0	0	0
Licenses, Permits and Fees	0	850	0	0	0	850
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	20,195	147,482	0	117,106	0	284,783
Special Assessments	0	0	0	0	0	0
Earnings on Investments	1,284	0	0	0	0	1,284
Miscellaneous	11,735	220	0	0	0	11,955
<i>Total Cash Receipts</i>	<u>75,070</u>	<u>192,077</u>	<u>0</u>	<u>117,106</u>	<u>0</u>	<u>384,253</u>
Cash Disbursements						
Current:						
General Government	80,827	2,021	0	0	0	82,848
Public Safety	0	41,202	0	0	0	41,202
Public Works	807	132,725	0	117,106	0	250,638
Health	8,500	605	0	0	0	9,105
Human Services	0	0	0	0	0	0
Conservation-Recreation	0	0	0	0	0	0
Other	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
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>90,134</u>	<u>176,553</u>	<u>0</u>	<u>117,106</u>	<u>0</u>	<u>383,793</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,064)</u>	<u>15,524</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>460</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
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0
Sale of Capital Assets	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, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
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>(15,064)</u>	<u>15,524</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>460</u>
<i>Fund Cash Balances, January 1</i>	<u>192,330</u>	<u>110,222</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>302,552</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$177,266</u></u>	<u><u>\$125,746</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$303,012</u></u>

Canaan Township
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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 Volunteer Fire Company, Inc. to provide fire services for two-thirds of the township. The remaining part of the township is part of the 1st Consolidated Fire District, Marion County.

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.

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.

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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 Volunteer Fire Company, Inc. for fire protection.

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

Issue II Fund The township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement and used for the Township Road 60 Project, Phase II.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

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Notes to the Financial Statements
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Deposits and Investments

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

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

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

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

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

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

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

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

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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,447	\$75,069	\$3,622
Special Revenue	162,537	192,078	29,541
Capital Projects	133,497	117,106	(16,391)
Total	\$367,481	\$384,253	\$16,772

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$263,777	\$90,134	\$173,643
Special Revenue	249,359	176,554	72,805
Capital Projects	133,497	117,106	16,391
Total	\$646,633	\$383,794	\$262,839

Note 4– Deposits and Investments

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

Demand deposits	\$303,012
Other time deposits (savings and NOW accounts)	0
Total deposits	\$303,012
Common stock (at cost, fair value was \$0 at December 31, 2020)	0
Total investments	0
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	<i>\$303,012</i>

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Notes to the Financial Statements
For the Year Ended December 31, 2020

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits

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

Note 5 – Property Taxes

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

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. York Risk Pooling Services, Inc. (York or Management), 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.

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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.

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Risk Pool Membership

Canaan Township is a member of OTARMA 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>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

The above information is the most recent information available at the time the footnotes were prepared.

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For the Year Ended December 31, 2020

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 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 of payments for each official or employee in a calendar year shall not exceed \$9,000, 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.

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, 2020.

Note 9 – Postemployment Benefits

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

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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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.