

**Auburn Township, Ohio**  
*Geauga County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2022**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$377,943	\$2,702,879	\$296,148	\$0	\$3,376,970
Intergovernmental	146,110	816,485	0	0	962,595
Licenses, Permits and Fees	25,204	9,670	0	0	34,874
Earnings on Investments	12,926	10,958	0	0	23,884
Miscellaneous	65,876	29,893	0	27,646	123,415
<i>Total Cash Receipts</i>	<u>628,059</u>	<u>3,569,885</u>	<u>296,148</u>	<u>27,646</u>	<u>4,521,738</u>
<b>Cash Disbursements</b>					
Current:					
General Government	677,950	174,048	0	0	851,998
Public Safety	0	1,058,567	0	0	1,058,567
Public Works	4,953	2,510,351	0	0	2,515,304
Health	6,009	10,163	0	0	16,172
Human Services	57,706	0	0	0	57,706
Capital Outlay	3,500	111,765	0	493	115,758
Debt Service:					
Principal Retirement	0	24,437	202,563	0	227,000
Interest and Fiscal Charges	0	0	93,585	0	93,585
<i>Total Cash Disbursements</i>	<u>750,118</u>	<u>3,889,331</u>	<u>296,148</u>	<u>493</u>	<u>4,936,090</u>
<i>Net Change in Fund Cash Balances</i>	(122,059)	(319,446)	0	27,153	(414,352)
<i>Fund Cash Balances (Deficit), January 1 - Restated</i>	<u>614,711</u>	<u>2,156,565</u>	<u>(67,628)</u>	<u>2,766</u>	<u>2,706,414</u>
<i>Fund Cash Balances (Deficit), December 31</i>	<u>\$492,652</u>	<u>\$1,837,119</u>	<u>(\$67,628)</u>	<u>\$29,919</u>	<u>\$2,292,062</u>

*See accompanying notes to the financial statements*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Auburn Township, Geauga 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 and cemetery maintenance. The Township contracts with the Auburn Volunteer Fire Department to provide fire services and to provide ambulance services.

***Jointly Governed Organization and Public Entity Risk Pool***

The Township participates in a jointly governed organization, the Auburn Bainbridge Joint Recreation Board, DBA Kenston Community Education (KCE) and a public entity risk pool, the Ohio Township Risk Management Authority (OTARMA). Notes 11 and 12 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Road and Bridge Fund*** The road and bridge fund accounts for and reports property taxes restricted for the construction, reconstruction, resurfacing and repair of the Township roads and bridges.

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***Special Levy Fire Department Fund*** The special fire levy fund accounts for and reports property tax (inside millage) restricted for fire and EMS services provided within the Township and to surrounding townships through mutual aid agreement.

***American Rescue Plan Act Fund*** To account for and report restricted federal monies used to assist local governments with the corona virus pandemic.

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

***Genral Bond Retirement Fund*** The general bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements.

***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:

***Property Acquisitions/Improvements Fund*** This fund accounts for and reports resources allocated for the acquisition and improvement of Township real property.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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



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

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Budgetary Activity**

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$694,198	\$628,059	(\$66,139)
Special Revenue	3,025,684	3,569,885	544,201
Debt Service	759,985	296,148	(463,837)
Capital Projects	2,002	27,646	25,644
Total	<u>\$4,481,869</u>	<u>\$4,521,738</u>	<u>\$39,869</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$779,938	\$761,637	\$18,301
Special Revenue	4,629,577	4,021,316	608,261
Debt Service	310,598	296,148	14,450
Capital Projects	2,000	493	1,507
Total	<u>\$5,722,113</u>	<u>\$5,079,594</u>	<u>\$642,519</u>

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**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:

	<u>2022</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$1,185,917
Other time deposits (savings and NOW accounts)	<u>6,387</u>
Total deposits	<u>1,192,304</u>
STAR Ohio	<u>1,099,758</u>
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	<u><u>\$2,292,062</u></u>

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.

***Deposits***

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

At December 31, 2022, \$935,917 of deposits were not insured or collateralized, contrary to Ohio law.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

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

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



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**Note 6 – Risk Management**

***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***

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
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	2021 *
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

\* *The latest information available*

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

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***Social Security***

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

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

**Note 8 – Postemployment Benefits**

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

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

**Note 9 – Debt**

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

	<u>Principal Outstanding</u>	<u>Interest Rate</u>
General Obligation Bonds:		
Township Building Construction Refunding Bonds	\$1,690,000	1.67%
Township Fire Station Improvement Refunding Bonds	2,006,000	1.67%
Total	<u>\$3,696,000</u>	
Financed Purchase:		
Western Star Master Lease Purchase Agreement	<u>\$34,480</u>	3.98%



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On May 27, 2021, the Township issued \$1,767,000 in general obligation refunding bonds to take advantage of lower interest rates on debt originally issued for the Township building construction/renovation and the new Township service garage. The bonds were issued for a 20 year period at a 1.67 percent interest rate.

On May 27, 2021, the Township issued \$2,156,000 in general obligation refunding bonds to take advantage of lower interest rates on debt originally issued for the Township fire station improvement bonds. The bonds were issued for a 20 year period at a 1.67 percent interest rate.

***Financed Purchase***

The Township has entered into financed purchase agreements for a street vehicle where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$35,853 in principal and interest to pay these costs for the year ended December 31, 2022.

***Amortization***

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

Year Ending December 31:	Financed Purchase	General Obligation Bonds
2023	\$35,853	\$212,136
2024	0	214,688
2025	0	217,160
2026	0	221,552
2027	0	222,832
2028-2032	0	1,165,384
2033-2037	0	1,254,888
2038-2040	0	801,120
Total	<u>\$35,853</u>	<u>\$4,309,760</u>

**Note 10 – Contingent Liabilities**

The Township is defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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

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**Note 11 – Jointly Governed Organizations**

The Auburn Bainbridge Joint Recreation Board, DBA Kenston Community Education (KCE) represents Auburn Township, Bainbridge Township and the Kenston Local School District. It provides recreational and enrichment programming for the benefit of citizens of the participating townships. Auburn Township appoints three representatives to the organization's nine-member board and provides annual funding to the board from the Township's general fund.

In fiscal year 2022, the Township contributed \$5,000 to KCE in the form of one lump sum payment.

Separately audited financial statements for KCE can be obtained from Jennifer Holzheimer, KCE Executive Director at 9421 Bainbridge Rd, Chagrin Falls, OH 44023.

**Note 12 – Public Entity Risk Pool**

The Township participates in one Public Entity Risk Pool. The Ohio Township Risk Management Authority (OTARMA) is a risk-sharing pool available to Ohio Townships. OTARMA provides property, casualty, and liability coverage. See Note 6 to the financial statements provides additional information for this entity.

**Note 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$11,519	\$131,985	\$0	\$0	\$143,504

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – 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 of 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.

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