



OHIO AUDITOR OF STATE
KEITH FABER



**HOAGLIN TOWNSHIP
VAN WERT COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Hoaglin Township
Van Wert County
13707 Elm Sugar Road
Scott, Ohio 45886

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Hoaglin Township, Van Wert County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

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.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 January 28, 2025, 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 28, 2025

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HOAGLIN TOWNSHIP, VAN WERT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	\$50,823	\$73,672			\$124,495
Charges for Services		21,000			21,000
Licenses, Permits and Fees	1,200	2,025			3,225
Intergovernmental	60,530	167,925	\$6,001		234,456
Earnings on Investments		1,655			1,655
Miscellaneous	3,009	400	56,652		60,061
<i>Total Cash Receipts</i>	<u>115,562</u>	<u>266,677</u>	<u>62,653</u>		<u>444,892</u>
Cash Disbursements					
Current:					
General Government	82,553				82,553
Public Safety		152,003			152,003
Public Works		203,962	3,695		207,657
Health	27,483	1,280			28,763
Human Services			19,083		19,083
Capital Outlay	13,485	3,979	23,441		40,905
Debt Service:					
Principal Retirement			62,700		62,700
<i>Total Cash Disbursements</i>	<u>123,521</u>	<u>361,224</u>	<u>108,919</u>		<u>593,664</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,959)</u>	<u>(94,547)</u>	<u>(46,266)</u>		<u>(148,772)</u>
Other Financing Receipts (Disbursements)					
Other Financing Uses		(12,250)			(12,250)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>(12,250)</u>			<u>(12,250)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(7,959)</u>	<u>(106,797)</u>	<u>(46,266)</u>		<u>(161,022)</u>
<i>Fund Cash Balances, January 1</i>	<u>86,225</u>	<u>453,316</u>	<u>125,127</u>	<u>\$658</u>	<u>665,326</u>
<i>Fund Cash Balances, December 31</i>	<u>\$78,266</u>	<u>\$346,519</u>	<u>\$78,861</u>	<u>\$658</u>	<u>\$504,304</u>
<i>See accompanying notes to the basic financial statements</i>					

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Hoaglin Township
Van Wert 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 Township of Hoaglin, Van Wert 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. Hoaglin Township contracts with the Village of Grover Hill, the Village of Middle Point, the Village of Scott, and the City of Van Wert to provide fire services, ambulance and emergency medical services to residents and businesses within the township.

Public Entity Risk Pool

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA) providing property and liability insurance for the Township. Note 5 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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.

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.

Fire District Fund The fire fund is supported by voted millage and is used to provide fire and emergency services for the residents of Hoaglin Township. As stated in Note 1, the township contracts with the Villages of Scott, Middle Point and Grover Hill and the City of Van Wert for provision of the aforementioned services. Contracts are reviewed on a two or three year rotation.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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:

Brenneman TIF Fund – This fund accounts for and reports the portion of property tax receipts contractually agreed upon with the owner of a large swine operation and Lincolnview Local School district to provide for repair and maintenance of specific township roads designated by the aforementioned contract.

Lion Farms TIF Fund – This fund accounts for and reports the portion of property tax receipts contractually agreed upon with the owner of a large mink farm, and Lincolnview Local School District for rebuilding, repair and maintenance of designated township roads, to include repayment of Ohio Public Works Commission Loan utilized for road restoration by resolution of the Hoaglin Township Board of Trustees. In 2023 an act of vandalism caused the release of several thousand mink into the community and roadways for many miles in every direction. Following the clean-up and resolution of the event, the owners of the mink farm chose to close the operation. The buildings remain empty as of this date. The company owners have continued to pay the TIF apportionment as required. The Board of Trustees, unanimously voted to repay the total amount owed on the Ohio Public Works Loan. The debt has been repaid in full.

Staley TIF Fund – This fund accounts for and reports the portion of property tax receipts contractually agreed upon with the owner of a large turkey operation located in the township and Lincolnview Local School district in order to provide for repair and maintenance of specific township roads designated by the aforementioned contract.

Webb TIF Fund - This fund accounts for and reports the portion of property tax receipts contractually agreed upon with the owner of a large turkey farm located in; the township and the Lincolnview Local School District for repair and maintenance of specific roads utilized by said farm, according to the details the aforementioned contract.

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

Cemetery Endowment Fund – The cemetery endowment fund accounts for and reports interest designated in the aforementioned contract earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

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.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Budgetary Process

The Ohio Revised Code requires that each fund (except for the Cemetery Endowment Fund principal) 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 unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances -The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and re-appropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 3.

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:

Non-spendable The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

Note 3 – Budgetary Activity

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,973	\$115,562	(\$1,411)
Special Revenue	266,569	266,677	108
Capital Projects	63,835	62,653	(1,182)
Total	\$447,377	\$444,892	(\$2,485)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$202,509	\$123,521	\$78,988
Special Revenue	718,125	373,474	\$344,651
Capital Projects	188,880	108,919	\$79,961
Total	\$1,109,514	\$605,914	\$503,600

Note 4 - 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 the applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the county by December 31.

Note 5 - Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool).

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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>2023</u>
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

Note 6 – Defined Benefit Pension Plans

Ohio Public Employee Retirement System

Hoaglin 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 post-retirement health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. Hoaglin Township has paid all contributions required through December 31, 2023

Note 7 – 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; however, a portion of the health care rate was funded with reserves.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Debt

The Board of Trustees of Hoaglin Township voted unanimously to repay in full the total due to the Ohio Public Works Commission. The funds for this repayment were deducted from the TIF fund known as the Lion Farms TIF fund. The Township has no outstanding debt as of December 31, 2023.

Note 9 – Deposits

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 accounts are as follows:

	<u>2023</u>
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$504,304</u>
Total deposits	<u>504,304</u>

Note 10 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2023, the General fund, Special Revenue funds, and Capital Project funds had \$0 in outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

HOAGLIN TOWNSHIP, VAN WERT COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	\$45,999	\$65,317			\$111,316
Charges for Services		21,000			21,000
Licenses, Permits and Fees	2,260	3,185			5,445
Intergovernmental	61,837	199,216	\$6,390		267,443
Miscellaneous	1,365	7,590	60,553		69,508
<i>Total Cash Receipts</i>	<u>111,461</u>	<u>296,308</u>	<u>66,943</u>		<u>474,712</u>
Cash Disbursements					
Current:					
General Government	98,449				98,449
Public Safety		47,909			47,909
Public Works		173,319			173,319
Health	26,361	3,264			29,625
Human Services			8,265		8,265
Capital Outlay	15,390	4,000	6,500		25,890
Debt Service:					
Principal Retirement			7,800		7,800
<i>Total Cash Disbursements</i>	<u>140,200</u>	<u>228,492</u>	<u>22,565</u>		<u>391,257</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(28,739)	67,816	44,378		83,455
<i>Fund Cash Balances, January 1</i>	<u>114,964</u>	<u>385,500</u>	<u>80,749</u>	<u>\$658</u>	<u>581,871</u>
<i>Fund Cash Balances, December 31</i>	<u>\$86,225</u>	<u>\$453,316</u>	<u>\$125,127</u>	<u>\$658</u>	<u>\$665,326</u>

See accompanying notes to the basic financial statements

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Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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Public Entity Risk Pool

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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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.

Fire District Fund The fire fund is supported by voted millage and is used to provide fire and emergency services for the residents of Hoaglin Township. As stated in Note 1, the township contracts with the Villages of Scott, Middle Point and Grover Hill and the City of Van Wert for provision of the aforementioned services. Contracts are reviewed on a two or three year rotation.

American Rescue Plan Fund – This fund is specifically to be applied for use from loss and effects of the Coronavirus epidemic.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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:

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Lion Farms TIF Fund – This fund accounts for and reports the portion of property tax receipts contractually agreed upon with the owner of a large mink farm, and Lincolnview Local School District for rebuilding, repair and maintenance of designated township roads, to include repayment of Ohio Public Works Commission Loan utilized for road restoration by resolution of the Hoaglin Township Board of Trustees.

Staley TIF Fund – This fund accounts for and reports the portion of property tax receipts contractually agreed upon with the owner of a large turkey operation located in the township and Lincolnview Local School district in order to provide for repair and maintenance of specific township roads designated by the aforementioned contract.

Webb TIF Fund - This fund accounts for and reports the portion of property tax receipts contractually agreed upon with the owner of a large turkey farm located in; the township and the Lincolnview Local School District for repair and maintenance of specific roads utilized by said farm, according to the details the aforementioned contract.

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

Cemetery Endowment Fund – The cemetery endowment fund accounts for and reports interest designated in the aforementioned contract .earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

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 (except for the Cemetery Endowment Fund principal) be budgeted annually.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances -The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and re-appropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

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:

Non-spendable The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,242	\$111,461	\$6,219
Special Revenue	250,937	296,308	45,371
Capital Projects	53,781	66,943	13,162
Total	<u>\$409,960</u>	<u>\$474,712</u>	<u>\$64,752</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$222,652	\$140,200	\$82,452
Special Revenue	643,048	228,492	\$414,556
Capital Projects	143,276	22,565	\$120,711
Total	<u>\$1,008,976</u>	<u>\$391,257</u>	<u>\$617,719</u>

Note 4 – Deposits

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

	2022
Cash Management Pool:	
Demand deposits	\$664,713
Other time deposits (savings account)	613
Total deposits	<u>665,326</u>

Deposits are collateralized by securities through the Ohio Pooled Collateral System.

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 the applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the county by December 31.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 - Risk Management

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 (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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employee Retirement System

Hoaglin 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 post-retirement health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. Hoaglin Township has paid all contributions required through December 31, 2022.

Note 8 – 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 2022, 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 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission - CM06T	\$62,700	0%
Total	<u>\$62,700</u>	

Hoaglin Township applied for and received a zero percent interest 20 year loan from the Ohio Public Works Commission for re-construction of a township road damaged by heavy business traffic from a large Mink farm operation. An agreement with the Farm management and the local school district allow a TIF agreement with the township . Funds from this TIF account are utilized by resolution of the Board of Trustees to repay the loan on a semi annual basis. The Township has recently paid amounts above the annual required payment and will likely retire the debt earlier than the 20 year time period.

Amortization

Amortization of the above debt, is scheduled as follows:

<u>Year Ending December 31:</u>	<u>OPWC - CM06T</u>
2023	\$7,800
2024	7,800
2025	7,800
2026	7,800
2027	7,800
2028-2032	<u>23,700</u>
Total	<u>\$62,700</u>

Note 10 – 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.

The following are the Townships related parties:

A Township Trustee is the owner of a company from which the Township contracted to perform open/close services and purchased drainage materials from during the year. The Township paid \$33,858 for these services and materials. The Township also received repair services from a Trustee's relatives repair shop. The Township paid \$282 in 2022 for these services.

Hoaglin Township
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2022, the General fund, Special Revenue funds, and Capital Project funds had \$0 in outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Hoaglin Township
Van Wert County
13707 Elm Sugar Road
Scott, Ohio 45886

To the Board of Trustees:

We have audited, in accordance with the 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 financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Hoaglin Township, Van Wert County, (the Township) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated January 28, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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.



Keith Faber
Auditor of State
Columbus, Ohio

January 28, 2025

OHIO AUDITOR OF STATE KEITH FABER



HOAGLIN TOWNSHIP

VAN WERT 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 2/25/2025

65 East State 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