



OHIO AUDITOR OF STATE
KEITH FABER



**WAYNE TOWNSHIP
AUGLAIZE COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

Report on the Financial Statements, Internal Control, and Compliance

Wayne Township
Auglaize County
P.O. Box 103
Waynesfield, Ohio 45896

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of Wayne Township, Auglaize County, (the Township), as of and for the years ended December 31, 2020 and 2019. These procedures were designed to satisfy the audit requirements of Section 117.11, Ohio Rev. Code, and Section 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2020-010 through 2020-013 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2020-001 through 2020-009.

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

Keith Faber
Auditor of State
Columbus, Ohio

June 28, 2021

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Wayne Township
Auglaize County, Ohio
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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$24,922	\$92,399	\$117,321
Charges for Services		18,265	18,265
Licenses, Permits and Fees	1,400		1,400
Intergovernmental	27,187	242,091	269,278
Earnings on Investments	362	94	456
Miscellaneous	3,994	10,552	14,546
<i>Total Cash Receipts</i>	<u>57,865</u>	<u>363,401</u>	<u>421,266</u>
Cash Disbursements			
Current:			
General Government	47,178	8,535	55,713
Public Safety		122,488	122,488
Public Works		71,116	71,116
Health	84	13,605	13,689
Capital Outlay		75,000	75,000
<i>Total Cash Disbursements</i>	<u>47,262</u>	<u>290,744</u>	<u>338,006</u>
Excess of Receipts Over (Under) Disbursements	10,603	72,657	83,260
<i>Fund Cash Balances, January 1</i>	<u>(3,855)</u>	<u>568,373</u>	<u>564,518</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$6,748</u></u>	<u><u>\$641,030</u></u>	<u><u>\$647,778</u></u>

See accompanying notes to the basic financial statements

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Wayne Township
Auglaize 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 the Wayne Township, Auglaize 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.

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool.

Note 7 to the financial statements provide 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 which are 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:

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

Coronavirus Relief Fund - The Coronavirus Relief fund accounts for grant monies restricted to help minimized the economic impact of the COVID-19 pandemic on the Township.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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 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 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.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

The Township values savings and deposit accounts at cost.

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.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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 - 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.

Note 3 – Compliance

Contrary to Ohio law, at December 31, 2019, the Cemetery special revenue fund had a cash deficit balance of \$9,200.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2020 follows: update actual activity

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,210	\$57,865	\$4,655
Special Revenue	331,199	363,401	32,202
Total	\$384,409	\$421,266	\$36,857

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,010	\$47,262	\$1,748
Special Revenue	345,898	290,744	55,154
Total	\$394,908	\$338,006	\$56,902

Note 5 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows: total did not equal f/s balance – revised demand deposit balance

Demand deposits	2020 \$244,626
Other time deposits (savings account)	403,152
Total deposits	647,778

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 \$254 in unremitted employee 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.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 6 – 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.

Public utilities are also taxed on personal and real property located within the Township.

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

Note 7 – 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 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 assets and actuarially-measured liabilities available to pay those liabilities as of December 31: (latest information available)

	2019
Cash and investments	\$35,207,320
Actuarial liabilities	10,519,942

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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 healthcare 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, 2020.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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.

Note 10 – Related Party Transactions

The Township has contracted with Turn-Er Green, LLC, a lawn care company, for cemetery sexton duties. The owner of Turn-er Green is related to the Township Fiscal Officer. The Township paid this company \$15,786 for 2020.

Note 11 – Fund Balances

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.

Note 12 – Change in Accounting Principles

For 2020, the Township has made changes to their cash basis reporting mode. These changes included removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. 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.

During 2020, the Township received \$74,376 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

Note 14 – Fiscal Watch

The Township had a negative General Fund balance at December 31, 2016. As a result, the Township requested Local Governmental Services to reconstruct/reconcile the Township's records for 2017, 2018, and 2019 to current. The Township was placed in fiscal watch on June 26, 2019.

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Wayne Township
Auglaize County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$25,742	\$64,151	\$89,893
Charges for Services		15,326	15,326
Licenses, Permits and Fees	1,521		1,521
Intergovernmental	23,818	114,142	137,960
Earnings on Investments	578	145	723
Miscellaneous	2,156	20,258	22,414
<i>Total Cash Receipts</i>	<u>53,815</u>	<u>214,022</u>	<u>267,837</u>
Cash Disbursements			
Current:			
General Government	43,870		43,870
Public Safety		53,880	53,880
Public Works		116,208	116,208
Health		12,409	12,409
Capital Outlay		63,233	63,233
<i>Total Cash Disbursements</i>	<u>43,870</u>	<u>245,730</u>	<u>289,600</u>
Excess of Receipts Over Disbursements	9,945	(31,708)	(21,763)
<i>Fund Cash Balances, January 1</i>	<u>(13,800)</u>	<u>600,081</u>	<u>586,281</u>
Fund Cash Balances, December 31			
Restricted	0	573,468	573,468
Unassigned (Deficit)	(3,855)	(5,095)	(8,950)
<i>Fund Cash Balances (Deficit), December 31</i>	<u><u>(\$3,855)</u></u>	<u><u>\$568,373</u></u>	<u><u>\$564,518</u></u>

See accompanying notes to the basic financial statements

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Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Wayne Township, Auglaize 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.

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool.

Note 7 to the financial statements provide 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 (cash basis) for all governmental fund types which are 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:

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

Fire District Fund – The fire district fund accounts for property taxes restricted for the township's fire department operations.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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 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 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.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

The Township values savings and deposit accounts at cost.

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.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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*. 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.

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 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund and Cemetery special revenue fund by \$2,720 and \$3,387, respectively, for the year ended December 31 2019. Also contrary to Ohio law, at December 31, 2019, the General Fund and Cemetery special revenue fund had a cash deficit balances of \$3,855 and \$5,095, respectively.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,783	\$53,815	\$32
Special Revenue	211,839	214,022	2,183
Total	\$265,622	\$267,837	\$2,215

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,150	\$43,870	(\$2,720)
Special Revenue	816,992	245,730	571,262
Total	\$858,142	\$289,600	\$568,542

Note 5 – Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows: updated demand deposit amount so total would agree to the f/s

Demand deposits	2019 \$161,821
Other time deposits (savings account)	402,697
Total deposits	\$564,518

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.

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – 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.

Public utilities are also taxed on personal and real property located within the Township.

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

Note 7 – 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 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 assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2019
Cash and investments	\$35,207,320
Actuarial liabilities	10,519,942

Wayne Township
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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 healthcare 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, 2019.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Related Party Transactions

The Township has contracted with Turn-Er Green, LLC, a lawn care company, for cemetery sexton duties. The owner of Turn-er Green is related to the Township Fiscal Officer. The township paid this company \$14,828 for 2019.

The Township has contracted with Lee Turner for lawn care service for the mowing of five small cemeteries for 2019. Lee Turner is related to the Township Fiscal Officer. The Township paid him \$2,500 for 2019.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 – Fiscal Watch

The Township had a negative General Fund balance at December 31, 2016. As a result, the Township requested Local Governmental Services to reconstruct/reconcile the Township's records for 2017, 2018, and 2019 to current. The Township was placed in fiscal watch on June 26, 2019.

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDING 2020-001

Noncompliance Citation

Ohio Rev. Code § 149.43(B)(2) requires “a public office to have available a copy of its current records retention schedule at a location readily available to the public.”

Ohio Rev. Code § 149.43(E)(2) states, in part, that all public offices “shall adopt a public records policy in compliance with this section for responding to public records requests. In adopting a public records policy under this division, a public office may obtain guidance from the model public records policy developed and provided to the public office by the attorney general under section 109.43 of the Revised Code. The public office shall create a poster that describes its public records policy and shall post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. The public office may post its public records policy on the internet web site of the public office if the public office maintains an internet web site.”

The Township did not adopt a records retention schedule or a public records policy. The lack of such schedule/policy may result in the improper destruction of records or misunderstandings with the public or amongst Officials when it comes to requests for records.

The Township should adopt a records retention schedule and a public records policy and post them in accordance with the requirements.

FINDING NUMBER 2020-002

Noncompliance Citation

Ohio Rev. Code § 505.601 requires that if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- 1) The board of township trustees adopts a resolution that states that 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 attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- 2) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.
- 3) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

In 2013, the IRS issued Notice 2013-54 and the Department of Labor issued Technical Release 2013-03 which indicate that employers may reimburse employees' premiums for non-employer sponsored health care with only post-tax dollars (i.e., employers must withhold taxes prior to making reimbursement), but that these reimbursements need not be used in computing allowable “gross salary” as prescribed in Ohio Rev. Code § 505.24 and § 505.09.

**FINDING NUMBER 2020-002
(Continued)**

The Board of Township Trustees adopted resolutions on December 27, 2018 and December 17, 2019, respectively, to allow up to \$4,000 per employee for cancer, life, major medical, hospital, disability, dental, orthodontics, vision, dependent major medical, weekly hospital income, hearing aid, long term care indemnity, nursing home care, supplemental Medicare, prescription card, Chiropractic, prescription, accident and health insurance for the trustees and fiscal officer for the year 2019 and 2020, respectively.

In 2020 and 2019, the Trustees and the Fiscal Officer received insurance reimbursements that were not run through the payroll system. As a result, the reimbursements were not included in their wages for calculating the taxes owed.

The Township needs to make sure all insurance reimbursements are posted through the UAN payroll system and payments made post-tax.

We will refer this matter to the Internal Revenue Service and the Ohio Department of Taxation.

FINDING NUMBER 2020-003

Noncompliance Citation

Ohio Rev. Code 507.03 states except as otherwise provided in section 3.061 of the Revised Code, the township fiscal officer, before entering upon the discharge of official duties, shall give a bond, payable to the board of township trustees, with sureties approved by the board, in the sum determined by the board but not less than the sum provided in this section, and conditioned for the faithful performance of the duties of the office of township fiscal officer. This bond shall be recorded by the township fiscal officer, filed with the county treasurer, and carefully preserved.

The minimum sum of the township fiscal officer's bond shall be as follows: (F) In a township with a budget of more than seven hundred fifty thousand dollars but not more than one million five hundred thousand dollars, one hundred thirty-five thousand dollars.

The Township's budget exceeded \$750,000 in 2020 and 2019, however, the Fiscal Officer's bond covering the period April 1, 2020 through April 1, 2024 was only \$85,000.

The Township should implement a control and/or procedure, such as an annual reminder system, to review the amount of bonds for the Fiscal Officer and other official. The Ohio Compliance Supplement Implementation Guide which can be found at: http://www.auditor.state.oh.us/references/compliancemanuals/2020/OCSImplementationGuide_2020.pdf should be reviewed to determine the bond amounts for Township Officials and employees.

FINDING NUMBER 2020-004

Noncompliance Citation

Ohio Rev. Code § 507.12(C) states, in part, (2) A township fiscal officer who is elected to a subsequent term of office shall complete twelve hours of continuing education courses in each subsequent term of office, (4) At least two hours of ethics instruction shall be included in the continuing education hours required by divisions (C)(1) and (2) of this section and (5) A township fiscal officer who participates in a training program or seminar established under section 109.43 of the Revised Code may apply the three hours of training to the continuing education hours required by divisions (C)(1) and (2) of this section.

**FINDING NUMBER 2020-004
(Continued)**

The Auditor of State's Office (AOS) has developed an on-line training database. The database includes a list of approved training, which is maintained by AOS training department. Fiscal officers must register and create a personal username and password for the AOS's Fiscal Integrity site for reporting purposes. Training is then reported by choosing the training courses and dates attended. Fiscal officers are required to self-report their hours, otherwise they will not receive credit for the training.

Fiscal Officers can access and print their certificates via the Fiscal Integrity Act portal available at <http://www.ohioauditor.gov/fiscalintegrity/default.html>.

The Fiscal Officer did not complete any continuing education courses in 2020 and 2019 and did not complete any in the years 2013 through 2018. The Fiscal Officer has also not registered on the AOS's Fiscal Integrity Site.

Failure to obtain and document the required training could result in the Fiscal Officer not being adequately trained and could result in subsequent recording and compliance errors due to insufficient training.

The Fiscal Officer should complete the required 12 hours (including 2 hours of Ethics training) of continuing education courses for each term of office. Training hours should be reported on the AOS's Fiscal Integrity Site. The Trustees should monitor the Fiscal Officer's completion of continuing education.

FINDING NUMBER 2020-005

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established. Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Cemetery had a deficit fund balance of \$9,200 at December 31, 2020 and \$5,095 at December 31, 2019. Negative fund balances could result in the use of restricted receipts for unallowable purposes.

A procedure(s) and control(s), such as the Trustees' periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance. Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Township should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

FINDING NUMBER 2020-006

Noncompliance Citation

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

**FINDING NUMBER 2020-006
(Continued)**

Permanent Appropriations were not approved for 2019 until February 14, 2019 and no temporary appropriation measure was approved.

The failure to approve appropriations by the required date could result in disbursements being made without proper budgetary authority which could result in deficit spending.

A procedure(s) and/or control(s) should be implemented to provide for the timely approval of the annual appropriation resolution.

FINDING NUMBER 2020-007

Noncompliance Citation

Ohio Rev. Code § 5705.39 requires that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded the total estimated resources in 2020 for the Cemetery Fund by \$15,735 and in 2019 for the General Fund by \$7,697.

The total appropriations from each fund exceeding the total estimated resources could result in deficit spending.

A procedure(s) and/or controls(s) should be implemented to provide for the comparing of total appropriations to estimated resources.

FINDING NUMBER 2020-008

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit "shall make any expenditure of money unless it has been appropriated." In 2019, the Township's expenditures plus contract commitments (including outstanding encumbrances) exceeded the total appropriations in the General Fund by \$2,720 and Cemetery Fund by \$3,387.

Expenditures in excess of appropriations could result in deficit spending and/or the use of another fund's money to cover the expenditures.

A control(s) or procedure(s), such as the periodic review of appropriations, disbursements, and encumbrances to ensure that spending is within appropriations, should be performed by the Trustees.

FINDING NUMBER 2020-009

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(3) states upon certification by the auditor or other chief fiscal officer that a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority of the subdivision or taxing unit, has been lawfully appropriated, authorized, or directed for a certain purpose and is in the treasury or in the process of collection to the credit of a specific line-item appropriation account in a certain fund free from previous and then outstanding obligations or certifications, then for such purpose and from such line-item appropriation account in such fund, over a period not extending beyond the end of the fiscal year, expenditures may be made, orders for payment issued, and contracts or obligations calling for or requiring the payment of money made and assumed; provided, that the aggregate sum of money included in and called for by such expenditures, orders, contracts, and obligations shall not exceed the sum so certified.

In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year or, in the case of counties, beyond the quarterly spending plan established by the county commissioners. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

A resolution or ordinance was not passed establishing the maximum amount for blanket certificates in 2020 and 2019. Failure to do so, could lead to blanket certificates exceeding appropriations and/or spending in excess of appropriations. Also, regular blankets were established for the specific recurring and predictable expenses where super blankets were written for all other expenses.

The Trustees should review Ohio Rev. Code §5705.41(D)(3) and pass a resolution to establish a maximum amount blanket certificates will not exceed and to determine which expenses should be regular blanket and "super" blanket certificates.

FINDING NUMBER 2020-010

Internal Control Deficiency – Segregation of Duties

The *Standards for Internal Control in the Federal Government*, known as the "Green Book" issued by the U.S. Government Accountability Office defines segregation of duties as a process where management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. So that no one individual controls all key aspects of a transaction or event, this includes separating the responsibilities for:

- Authorizing transactions
- Processing and recording transactions,
- Reviewing the transactions, and
- Handling any related assets

Due to the limited size of the Township and no employees beyond the elected officials, the fiscal officer is always the individual to receive cash, prepare bank deposits, and record receipt transactions into the UAN Computer System. There is a risk that when an individual is performing all tasks, they may have the ability to cover up their own fraudulent work without detection by anyone.

The compensating controls at the Township are limited to the Trustees signing checks and the bank statements at each meeting. Therefore, due to the lack of segregation of duties there is an increased risk of errors and/or irregularities.

**FINDING NUMBER 2020-010
(Continued)**

The Township should consider implementing additional controls such as the Trustees periodically performing an in-depth review of the accounting records, bank to book reconciliations, adjustments to the accounting system, and other procedures as deemed necessary.

FINDING NUMBER 2020-011

Internal Control Deficiency – Review of Budgeted vs Actual Activity

To help ensure receipts and disbursements are in-line with the amounts budgeted and to help ensure receipts and disbursements are recorded in the correct fund and correctly classified, the Trustees should review budget versus actual reports that present activity by fund, by receipt classification, and appropriations at the legal level of control. There was no evidence that the Trustees reviewed this type of financial information during 2020 and 2019.

The failure to monitor financial activity at this level reduces the Trustees' ability to detect actual activity that is not meeting the anticipated budget for receipts and disbursements, fund and line item recording errors which inhibit the ability to monitor budgeted receipts and disbursements and/or that result in the material misstatement of the annual financial statements, deficit spending, and other violations of budgetary laws.

The Fiscal Officer should provide Trustees with monthly budget versus actual receipt and disbursement reports at the level of detail described above for their review and approval. These reports can be provided in either hard copy or provided electronically. Periodically a review should be performed to verify that the budgeted amounts reported agree to the amounts approved by Board. In addition, the review of monthly fund balance reports, which could be included with the review of monthly bank to book reconciliations, can help to detect negative financial trends and/or errors in a timely manner.

Evidence of Board's review and approval of financial reports should be noted on the reports reviewed and/or in the Minutes.

FINDING NUMBER 2020-012

Internal Control Deficiency – Meal Reimbursements

The Township should have a procedure(s) and/or control(s) in place to help ensure compliance with approved reimbursement policies.

The Township Minutes dated December 17, 2019 and December 27, 2018 established the maximum of \$20.00 per day for meals reimbursements and the requirement for original receipts to be turned in for reimbursement. Check #14832 dated March 12, 2020 issued to Trustee, Larry Sutherland for \$104.65 and check #14833 dated March 12, 2020 issued to Trustee, Erick Werling for \$25.00, included meal reimbursements of \$25.00 for each Trustee.

The failure to adhere to the Township's approved reimbursement amount could result in findings for recovery being issued against individuals receiving the benefit of the overpayment and against those authorizing the overpayment.

Reimbursements should be reviewed for compliance with the Township policy(s) prior to payment. Requested reimbursements in excess of the policy(s) should be denied.

FINDING NUMBER 2020-013

Internal Control Deficiency – Supporting Documentation for Mileage Reimbursements

Requests for mileage reimbursements should be accompanied by documentation that includes but is not limited to: the date of the travel, the starting and ending locations, the purpose of the travel, and the amount of miles traveled. If other costs associated with travel are permitted detailed documentation should be included with the reimbursement request.

The Minutes indicated that for 2020 and 2019 that the maximum mileage reimbursements were set at \$525 for the Fire Chief, \$400 for the Assistant Fire Chief, \$325 for the Fire Captain, \$525 for the EMS Chief, \$400 for the Assistant EMS Chief and \$325 for EMS Captain (part of the volunteer fire department – not employees for the township.)

The reimbursement forms for the Fire Chief, Assistant Fire Chief, Fire Caption, EMS Chief, Assistant EMS Chief and EMS Captain were approved on December 17, 2020 for 2020 and on December 17, 2019 for 2019.

The Fire Chief, Assistant Fire Chief, Fire Caption, EMS Chief, Assistant EMS Chief and EMS Captain submitted their mileage reimbursement form for their travel during 2020 and 2019. For 2020 the Fire Chief's reimbursement request only showed the total monthly amount of mileage for fire and ems runs, meetings, and miscellaneous and training and for 2019 the mileage was shown for individual events during the month, however, no dates were included. For 2020 and 2019, the Assistant to the Fire Chief's documentation only showed the total monthly amount of mileage for fire and ems runs, meetings and other travel. For 2020, the Assistant EMS Chief provided documentation that only showed the total for each month with a comment at the top of the report that stated for "supplies, training, for fire & ems".

The lack of detailed supporting documentation may result in findings for recovery against those receiving the reimbursement and against those authorizing the reimbursement.

Mileage reimbursement requests without supporting documentation as suggested above should not be paid.

OFFICIALS' RESPONSE: We did not receive a response from Officials to the findings reported above.

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**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 and 2019**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2018-001	Noncompliance / Finding for Recovery – Cemetery opening and closing fees	Yes	
2018-002	Noncompliance / Finding for Recovery – purchase of alcoholic beverages	Yes	
2018-003	Noncompliance / Finding for Recovery – reimbursement of insurance premiums	Yes	
2018-004	Noncompliance / Finding for Recovery – overpayment of mileage reimbursement	Yes	
2018-005	Noncompliance – failure to inform employees of the Ohio Fraud Reporting	Yes	
2018-006	Noncompliance – filing of financial report within 60 days	Yes	
2018-007	Noncompliance – adopt of public records policy and records retention schedule	No	Repeated as Finding 2020-001
2018-008	Noncompliance – insurance premiums	No	Repeated as Finding 2020-002
2018-009	Noncompliance – fiscal officer’s bond	No	Repeated as Finding 2020-003
2018-010	Noncompliance – collect the gross receipts from the opening and closing of graves	Yes	
2018-011	Noncompliance – continuing education requirements	No	Repeated as Finding 2020-004
2018-012	Noncompliance – recording of restricted grants	Yes	

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 and 2019
(Continued)**

2018-013	Noncompliance – passing an appropriation measure	Partially Corrected	Repeated as Finding 2020-006
2018-014	Noncompliance – expenditures in excess of appropriations	No	Repeated as Finding 2020-008
2018-015	Noncompliance – maximum amount for blanket certifications	No	Repeated as Finding 2020-009
2018-016	Internal Control Deficiency – segregation of Duties	No	Repeated as Finding 2020-010
2018-017	Internal Control Deficiency – recording of financial activity (on-behalf payments)	Yes	
2018-018	Internal Control Deficiency – review of bank to book reconciliations	Yes	

OHIO AUDITOR OF STATE KEITH FABER



WAYNE TOWNSHIP

AUGLAIZE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/15/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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