



OHIO AUDITOR OF STATE
KEITH FABER



WAYNE TOWNSHIP
CLERMONT COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Wayne Township
Clermont County
6320 State Route 133
Goshen, Ohio 45122

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Wayne Township, Clermont County, Ohio (the Township).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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
February 16, 2022

Wayne Township

Clermont County, Ohio

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Regulatory 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 | 82,341 | 548,633 | \$630,974 |
| Charges for Services | | 180,335 | 180,335 |
| Licenses, Permits and Fees | 20 | 37,500 | 37,520 |
| Intergovernmental | 90,022 | 518,134 | 608,156 |
| Earnings on Investments | 3,693 | 21 | 3,714 |
| Miscellaneous | 4,083 | 121,716 | 125,799 |
| <i>Total Cash Receipts</i> | <u>180,159</u> | <u>1,406,339</u> | <u>1,586,498</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 147,160 | 107,402 | 254,562 |
| Public Safety | 0 | 902,638 | 902,638 |
| Public Works | 0 | 111,741 | 111,741 |
| Health | 0 | 29,975 | 29,975 |
| Capital Outlay | 0 | 66,572 | 66,572 |
| Debt Service: | | | |
| Principal Retirement | 11,667 | 36,609 | 48,276 |
| Interest and Fiscal Charges | 4,832 | 1,557 | 6,389 |
| <i>Total Cash Disbursements</i> | <u>163,659</u> | <u>1,256,494</u> | <u>1,420,153</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>16,500</u> | <u>149,845</u> | <u>166,345</u> |
| Other Financing Receipts (Disbursements) | | | |
| Other Debt Proceeds | | 51,025 | 51,025 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>0</u> | <u>51,025</u> | <u>51,025</u> |
| <i>Net Change in Fund Cash Balances</i> | 16,500 | 200,870 | 217,370 |
| <i>Fund Cash Balances, January 1</i> | <u>200,707</u> | <u>464,916</u> | <u>665,623</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$217,207</u></u> | <u><u>\$665,786</u></u> | <u><u>\$882,993</u></u> |

See accompanying notes to the basic financial statements

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Wayne Township
Clermont 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, Clermont 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, Zoning administration, fire protection and emergency medical services. The Township contracts with Jackson Township, Clermont County to provide Emergency Medical Services.

Public Entity Risk Pools and Related Organizations

The Township participates in a public entity risk pool. Note 6 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.

Cemetery Fund The Cemetery Fund accounts for and reports that portion of fees paid for the selling of cemetery lots, use of the Scattering Garden or Columbarium Niche, purchase for the operation of the Township cemetery to include maintenance of the sites and burials within the active cemeteries.

Wayne Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Road and Bridge Fund The Road and Bridge Fund accounts for and reports that portion of the Road and Bridge Tax Levy funds restricted for the maintenance and repair of Township roadways.

Zoning Fund The Zoning Fund accounts for and reports that portion of the fees paid for Zoning permits within Wayne Township that are used to administer the Zoning Department.

Special Levy Fund The Special Levy Fund accounts for and reports that portion of the Special Tax Levy used for Paramedic Service in Wayne Township.

Fire Fund The Fire Fund accounts for and report that portion of the Fire and EMS Tax Levies that are used to operate the fire department.

COVID Relief Fund was established for the purpose of Relief to COVID Expenses that occurred in Wayne Township. The Township used the funds for equipment that would be used to aid in the prevention of COVID for employees and residents/patients. A portion of the monies was used for payroll.

EMS Ambulance Fund The EMS Ambulance Fund accounts for and reports the fees for EMS insurance billing and billing for EMS and Ambulance service to the contracted portion of Jackson Township.

Cemetery Fund Accounts for and reports fees received from the sale of graves and fees for burials in Wayne Township cemeteries.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Wayne Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Wayne Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

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 2020 follows:

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$172,269 | \$180,159 | \$7,890 |
| Special Revenue | 1,133,261 | 1,457,364 | 324,103 |
| Total | \$1,305,530 | \$1,637,523 | \$331,993 |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$197,500 | \$164,084 | \$33,416 |
| Special Revenue | 1,393,001 | 1,257,310 | 135,691 |
| Total | \$1,590,501 | \$1,421,394 | \$169,107 |

Note 4 – Deposits and Investments

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:

| | |
|--------------------------------|-------------------|
| Demand deposits | 2020 \$775,631 |
| Certificates of deposit | 107,362 |
| Total deposits | 882,993 |
| Total deposits and investments | \$882,993 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; 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
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

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

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The Township is a member of the OTARMA Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle

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

| | <u>2020</u> |
|-----------------------|---------------|
| Cash and investments | \$36,348,066 |
| Actuarial liabilities | \$ 10,894,146 |

Wayne Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Six 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.

Ohio Police and Fire Retirement System

Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2020.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8– Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2019, and 1.0 percent during calendar year 2020 OP&F contributes 0.5 percent to fund these benefits.

Wayne Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|----------------|------------------|----------------------|
| Building Bonds | \$139,999 | 3.15% |
| Mini Excavator | \$25,631 | 5.66% |
| Hot Box | 13,590 | 2.84% |
| Total | <u>\$179,220</u> | |

The Township entered into a loan agreement with Park National Bank for a building loan, with a maturity date of March 1, 2032.

In April 2019, the Township entered into a Government Obligation Contract with Kansas State Bank to purchase a mini excavator to aid the Township with daily operations. The obligation has a maturity date of April 1, 2022.

In July 2020, the Township entered into a Government Obligation Contract with Kansas State Bank to purchase an Asphalt Reclaimer (Hot Box) for road maintenance. The obligation has a maturity date of July 10, 2025.

Amortization

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

| <u>Year Ending December 31:</u> | <u>Building Amortization</u> | <u>Mini Excavator</u> | <u>Hot Box</u> |
|-------------------------------------|----------------------------------|---------------------------|-----------------|
| 2021 | \$16,524 | \$13,564 | \$2,954 |
| 2022 | 16,138 | 13,564 | 2,954 |
| 2023 | 15,766 | 0 | 2,954 |
| 2024 | 15,393 | 0 | 2,954 |
| 2025 | 15,029 | 0 | 2,954 |
| 2026-2030 | 69,516 | 0 | 0 |
| 2031-2032 | 25,196 | 0 | 0 |
| Total | <u>\$173,562</u> | <u>\$27,128</u> | <u>\$14,770</u> |

Note 10 – Contingent Liabilities

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

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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Wayne Township
Clermont County
Notes to the Financial Statements
For the Year Ended December 31, 2020

| Fund Balances | General | Special Revenue | Total |
|--------------------------|--------------|--------------------|----------------|
| Nonspendable: | | | |
| Unclaimed Monies | \$0 | \$0 | \$0 |
| Corpus | 0 | 0 | 0 |
| Outstanding Encumbrances | 425 | 816 | 1,241 |
| Total | \$425 | \$816 | \$1,241 |

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 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Wayne Township

Clermont County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory 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 | \$81,512 | \$538,358 | \$619,870 |
| Charges for Services | | 173,730 | 173,730 |
| Licenses, Permits and Fees | | 32,807 | 32,807 |
| Intergovernmental | 110,440 | 335,735 | 446,175 |
| Earnings on Investments | 6,609 | | 6,609 |
| Miscellaneous | 6,094 | 47,063 | 53,157 |
| <i>Total Cash Receipts</i> | <u>204,655</u> | <u>1,127,693</u> | <u>1,332,348</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 122,167 | 98,639 | 220,806 |
| Public Safety | | 789,060 | 789,060 |
| Public Works | | 268,188 | 268,188 |
| Health | | 24,124 | 24,124 |
| Capital Outlay | 69,637 | 16,450 | 86,087 |
| Debt Service: | | | |
| Principal Retirement | 11,667 | 36,623 | 48,290 |
| Interest and Fiscal Charges | 5,895 | 1,830 | 7,725 |
| <i>Total Cash Disbursements</i> | <u>209,366</u> | <u>1,234,914</u> | <u>1,444,280</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(4,711)</u> | <u>(107,221)</u> | <u>(111,932)</u> |
| Other Financing Receipts (Disbursements) | | | |
| Other Financing Sources | | 4,459 | 4,459 |
| <i>Total Other Financing Receipts (Disbursements)</i> | | <u>4,459</u> | <u>4,459</u> |
| <i>Net Change in Fund Cash Balances</i> | (4,711) | (102,762) | (107,473) |
| <i>Fund Cash Balances, January 1</i> | <u>205,418</u> | <u>567,678</u> | <u>773,096</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | | 464,916 | 464,916 |
| Assigned | 12,731 | | 12,731 |
| Unassigned (Deficit) | 187,976 | | 187,976 |
| <i>Fund Cash Balances, December 31</i> | <u>\$200,707</u> | <u>\$464,916</u> | <u>\$665,623</u> |

See accompanying notes to the basic financial statements

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Wayne Township
Clermont 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, Clermont 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, Zoning administration, fire protection and emergency medical services. The Township contracts with Jackson Township, Clermont County to provide Emergency Medical Services.

Public Entity Risk Pools and Related Organizations

The Township participates in a public entity risk pool. Note 6 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.

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:

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Cemetery Fund The Cemetery Fund accounts for and reports that portion of fees paid for the selling of cemetery lots, use of the Scattering Garden or Columbarium Niche, purchase for the operation of the Township cemetery to include maintenance of the sites and burials within the active cemeteries.

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

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Special Levy Fund The Special Levy Fund accounts for and reports that portion of the Special Tax Levy used for Paramedic Service in Wayne Township.

Fire Fund The Fire Fund accounts for and reports that portion of the Fire and EMS Tax Levies that are used to operate the fire department.

EMS Ambulance Fund The EMS Ambulance Fund accounts for and reports the fees for EMS insurance billing and billing for EMS and Ambulance service to the contracted portion of Jackson Township.

Cemetery Fund Accounts for and reports fees received from the sale of graves and fees for burials in Wayne Township cemeteries.

Basis of Accounting

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

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

Budgetary Process

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

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

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

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 2019 budgetary activity appears in Note 3.

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

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

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 2019 follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$206,273 | \$204,655 | (\$1,618) |
| Special Revenue | 1,127,497 | 1,132,152 | 4,655 |
| Total | \$1,333,770 | \$1,336,807 | \$3,037 |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$252,750 | \$209,366 | \$43,384 |
| Special Revenue | 1,355,087 | 1,238,934 | 116,153 |
| Total | \$1,607,837 | \$1,448,300 | \$159,537 |

Note 4 – Deposits and Investments

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:

| | |
|--------------------------------|-------------------|
| Demand deposits | 2019 \$561,066 |
| Certificates of deposit | 104,557 |
| Total deposits | 665,623 |
| Total deposits and investments | \$665,623 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; 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.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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. 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.

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

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

Note 6 – Risk Management

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

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The Township is a member of the OTARMA Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

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

| | |
|-----------------------|--------------|
| | <u>2019</u> |
| Cash and investments | \$35,207,320 |
| Actuarial liabilities | \$10,519,942 |

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Six 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.

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

Ohio Police and Fire Retirement System

Township’s certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2019.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2019, and 1.0 percent during calendar year 2019 OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

| | Principal | Interest Rate |
|----------------|-----------|---------------|
| Building Bonds | \$151,666 | 3% |
| Ambulance Loan | 24,505 | 2.98% |
| Total | \$176,171 | |

Township entered into a loan agreement with Park National Bank for a building loan, with a maturity date of March 1, 2032. Also the Township entered into a Lease Purchase Agreement with Kansas State bank for an Ambulance to aide with Township operations, with a maturity date of January 1, 2020.

Amortization

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

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

| Year Ending December 31: | Building Bonds | Ambulance Loan |
|-----------------------------|-------------------|-------------------|
| 2020 | \$16,883 | \$25,545 |
| 2021 | \$16,524 | |
| 2022 | \$16,138 | |
| 2023 | \$15,765 | |
| 2024 | \$15,393 | |
| 2025-2029 | \$71,389 | |
| 2030-2032 | \$38,353 | |
| Total | \$190,445 | \$25,545 |

Note 10 – Contingent Liabilities

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

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

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

Wayne Township
Clermont County
6320 State Route 133
Goshen, Ohio 45122

To the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and 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 as of and for the year ended December 31, 2020 and for each governmental type as of and for the year ended December 31, 2019, and related notes of the Wayne Township, Clermont County, (the Township) and have issued our report thereon dated February 16, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control 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. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
February 16, 2022

WAYNE TOWNSHIP
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2020-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources was not accurately posted to the accounting system. The following variances between the Township's UAN accounting system and the authorized budgetary measures were noted:

| 2020 | UAN | Certificate of Estimated Revenues | Variance |
|-----------------|-------------|--------------------------------------|-----------|
| General Fund | \$220,942 | \$172,269 | \$48,673 |
| Special Revenue | \$1,448,045 | \$1,133,261 | \$314,784 |

Failure to accurately post the estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

Officials' Response:

We did not receive a response from officials to the finding above.

FINDING NUMBER 2020-002

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We noted the following errors with financial reporting in 2020 and 2019:

- The Township did not record the proceeds for the purchase of a mini excavator. Debt Proceeds and Capital Outlay were understated in the Cemetery Fund by \$37,735, during 2020.
- Interest and Fiscal Charges were incorrectly recorded in the General Fund as Principal in the amount of \$4,832 during 2020.
- Interest and Fiscal Charges were incorrectly recorded in the General Fund as Principal in the amount of \$5,895 during 2019.
- Medicount receipts for EMS were incorrectly recorded in the General Fund as Intergovernmental Revenues in the amount of \$4,572 during 2019. This should have been recorded as Charges for Services in the Ambulance and Emergency Medical Services Fund.

These errors were not identified and corrected prior to the Township preparing its financial statements and notes to the financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. Failure to accurately post and report transactions could result in material errors in the Township's financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Township.

The Township also made errors in financial reporting in the Statement of Receipts, Disbursements, and Changes in Fund Balances in amounts ranging from \$97 to \$16,957 in 2020 and 2019.

The Township corrected the financial statements and accounting records, where appropriate.

To help ensure the Township's financial statements are complete and accurate, the Township should implement internal control procedures to identify and correct errors and omissions in the recording of financial transactions.

Officials' Response:

We did not receive a response from officials to the finding above.

**WAYNE TOWNSHIP
CLERMONT COUNTY**
6320 State Route 133
Goshen, Ohio 45122

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

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|---------------|-------------------------------|
| 2018-001 | Posting Receipts and Disbursements and Fund Classifications | Not Corrected | Reissued as finding 2020-002 |

OHIO AUDITOR OF STATE KEITH FABER



WAYNE TOWNSHIP

CLERMONT 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 3/15/2022

88 East Broad 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