

**OHIO AUDITOR OF STATE  
KEITH FABER**



**Wayne Township  
Auglaize County**

**Fiscal Watch Analysis  
As of December 31, 2018**

**Local Government Services**



Wayne Township, Auglaize County

Fiscal Watch Analysis

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# OHIO AUDITOR OF STATE KEITH FABER



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## **Declaration of Fiscal Watch**

The Auditor of State performed a fiscal analysis of Wayne Township, Auglaize County pursuant to Section 118.022 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal watch exists at Wayne Township, Auglaize County as defined in Section 118.022(A)(2) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Erik Werling, President of the Board of Trustees of Wayne Township and Janet Schuler, Secretary of the Auglaize County Budget Commission.

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

KEITH FABER  
Auditor of State

June 26, 2019

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**Introduction**

As provided by Section 118.021 of the Ohio Revised Code, the Board of Trustees requested that a fiscal analysis be performed by the Auditor of State for Wayne Township (the Township), Auglaize County. The purpose of the analysis was to determine if the financial condition of the Township justifies the declaration of a fiscal watch.

A township is placed in fiscal watch if any one of four conditions described in Section 118.022 of the Ohio Revised Code exists as of December 31. The four conditions are: 1) significant past due accounts payable; 2) substantial deficit balances in township funds; 3) a sizeable deficiency in the township's treasury when the balance is compared to the positive cash balances of the township's funds; and 4) a forecasted general fund deficit at the end of the current year that exceeds one twelfth of the general fund revenue from the preceding fiscal year.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2018.

**Condition One - Past Due Accounts Payable from the General Fund and All Funds**

Section 118.022(A)(1) of the Ohio Revised Code defines a fiscal watch condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-twelfth of the general fund budget for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days as of the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts exceeded one-twelfth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

We reviewed accounts payable as of December 31, 2018, that were due from the general fund and from all other funds that were due and payable for at least thirty days, or to which a penalty had been added for failure to pay as of December 31, 2018, including but not limited to, final judgements, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties for failure to pay. No accounts payable were found that had been due and payable for at least thirty days or had penalties for failure to pay. Therefore, no further analysis was performed.

**Conclusion:** A fiscal watch condition does not exist as of December 31, 2018, under Section 118.022(A)(1) of the Ohio Revised Code. There were no accounts payable due from the general fund and from all other funds that were at least thirty days past due as of December 31, 2018.

Wayne Township, Auglaize County

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**Condition Two - Deficit Fund Balances**

Section 118.022(A)(2) of the Ohio Revised Code defines a fiscal watch condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-twelfth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2018, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-twelfth of the general fund budget and the receipts to those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Schedule I

Deficit Fund Balances  
Ohio Revised Code Section 118.022(A)(2)  
As of December 31, 2018

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds with Deficit Balances	One-Twelfth Fund Budget	Unprovided Portion of Aggregate Deficit
General	(\$20,330)	\$0	(\$20,330)	\$4,467	(\$15,863)

Because the amount of the general fund deficit was so large, we performed a further analysis to determine if the Township should be declared in fiscal emergency. While a fiscal emergency condition exists at December 31, 2018, the condition did not exist at April 30, 2019. The condition must exist at both dates in order to justify a fiscal emergency declaration.

**Conclusion:** Schedule I indicates that a fiscal watch condition exists under section 118.022(A)(2) of the Ohio Revised Code as of December 31, 2018. The total unprovided portion of the aggregate deficit funds as of December 31, 2018, is \$15,863.

**Condition Three - Treasury Deficiency**

Section 118.022(A)(3) of the Ohio Revised Code defines a fiscal watch condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year.



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As of December 31, 2018, the Township has not reconciled its journals and ledgers with the bank. The Township has had reconciliation issues and received audit report comments since December 2004.

Conclusion: Due to the lack of bank to cash reconciliations as of December 31, 2018, this fiscal watch condition under Section 118.022(A)(3) of the Ohio Revised Code could not be determined.

**Condition Four - Financial Forecast**

Section 118.022(A)(4) of the Ohio Revised Code defines a fiscal watch condition as:

Based on an examination of the financial forecast approved by the legislative authority of a municipal corporation, county, or township, the auditor of state certifies that the general fund deficit at the end of the current fiscal year will exceed one-twelfth of the general fund revenue from the preceding fiscal year.

An examination of a financial forecast of the general fund was not completed because the fiscal watch condition for deficit fund balances exists at December 31, 2018.

**Summary**

A fiscal watch is the existence of at least one of the conditions defined above. This analysis indicates that a fiscal watch exists at Wayne Township, Auglaize County as defined in Sections 118.022(A)(2) of the Ohio Revised Code as presented in Schedule I above as of December 31, 2018.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported.

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**WAYNE TOWNSHIP**

**AUGLAIZE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 26, 2019**