



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WAYNE TOWNSHIP  
MONROE COUNTY  
DECEMBER 31, 2021 AND 2020**

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**INDEPENDENT AUDITOR'S REPORT**

Wayne Township  
Monroe County  
34207 Barber Ridge  
Lewisville, Ohio 43754

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Wayne Township, Monroe County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

***Emphasis of Matter***

As discussed in Note 12 to the 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.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 28, 2022

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**WAYNE TOWNSHIP  
MONROE COUNTY**

**COMBINED STATEMENTS OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$33,770	\$2,671	\$0	\$0	\$0	\$36,441
Intergovernmental	16,793	146,254	19,303	11,300	0	193,650
Earnings on Investments	131	62	0	0	6	199
Miscellaneous	1,232	0	0	0	0	1,232
<i>Total Cash Receipts</i>	<u>51,926</u>	<u>148,987</u>	<u>19,303</u>	<u>11,300</u>	<u>6</u>	<u>231,522</u>
<b>Cash Disbursements</b>						
Current:						
General Government	39,685	0	0	0	0	39,685
Public Safety	3,300	19,328	0	0	0	22,628
Public Works	13,343	110,195	0	0	0	123,538
Health	4,000	0	0	0	0	4,000
Capital Outlay	10,675	0	0	113,902	0	124,577
Debt Service:						
Principal Retirement	0	0	14,800	0	0	14,800
Interest and Fiscal Charges	0	0	3,028	0	0	3,028
<i>Total Cash Disbursements</i>	<u>71,003</u>	<u>129,523</u>	<u>17,828</u>	<u>113,902</u>	<u>0</u>	<u>332,256</u>
<i>Net Change in Fund Cash Balances</i>	(19,077)	19,464	1,475	(102,602)	6	(100,734)
<i>Fund Cash Balances, January 1</i>	<u>82,091</u>	<u>79,497</u>	<u>13,321</u>	<u>102,602</u>	<u>5,400</u>	<u>282,911</u>
<i>Fund Cash Balances, December 31</i>	<u>\$63,014</u>	<u>\$98,961</u>	<u>\$14,796</u>	<u>\$0</u>	<u>\$5,406</u>	<u>\$182,177</u>

See accompanying notes to the basic financial statement.

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**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Wayne Township, Monroe County, Ohio (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, and fire protection. The Township appropriates general fund money to support two volunteer fire departments.

***Public Entity Risk Pools***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. 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, which are all organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

***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.

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

***Tractor USDA Loan Retirement Fund*** This bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a new tractor with attachments for use in maintenance and repair of roads within the Township.

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

***Dump Truck Retirement Fund*** This bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of two dump trucks for use in Township road maintenance.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure of capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

***USDA RD Grant/Loan Fund*** The Township received a grant and loan from the United States Department of Agriculture, Rural Development for the purchase of two dump trucks. The proceeds are restricted for the purchase and outfitting of the two trucks.

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

***Sloan Cemetery Fund*** The cemetery fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's Sloan Cemetery.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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.

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (Continued)**

**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 2021 budgetary activity appears in Note 3.

**Capital Assets**

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

**Fund Balance**

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

**Nonspendable** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes 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.

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,193	\$51,926	(\$2,267)
Special Revenue	146,442	148,987	2,545
Debt Service	21,720	19,303	(2,417)
Capital Projects	11,300	11,300	0
Permanent	6	6	0
Total	<u>\$233,661</u>	<u>\$231,522</u>	<u>(\$2,139)</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,283	\$71,003	\$65,280
Special Revenue	208,341	129,523	78,818
Debt Service	35,041	17,828	17,213
Capital Projects	113,902	113,902	0
Total	<u>\$493,567</u>	<u>\$332,256</u>	<u>\$161,311</u>

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies from all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit account is as follows:

	<u>2021</u>
NOW Account time deposit	<u>\$182,177</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding no unremitted employee payroll withholdings.

**Deposits** Deposits are insured by the Federal Deposit Insurance Corporation.

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 30.

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 6 - Risk Management**

***Workers' Compensation***

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

***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:

	<u>2020 (the latest information available)</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees of the Township 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% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

***Social Security***

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

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, 2021.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 9 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
General Obligation Bonds, Issued in 2016	\$36,300	2.750%
General Obligation Bonds, Issued in 2020	80,900	2.125%
Total	\$117,200	

In 2016, the Township issued general obligation bonds to finance the purchase of a new tractor with attachments for Township road maintenance. The Township’s taxing authority collateralized the bonds.

In 2020, the Township issued general obligation bonds to finance the purchase of two dump trucks for Township road maintenance. The Township’s taxing authority collateralized the bonds.



**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt (Continued)**

Amortization of the general obligation bonds debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2022	\$17,817
2023	17,853
2024	17,880
2025	17,797
2026	17,806
2027-2301	39,934
Total	<u>\$129,087</u>

**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, specifically, the unexpendable corpus of the permanent fund. 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:

<u>Fund Balances</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:		
Corpus	\$5,360	5,360
Total	<u>\$5,360</u>	<u>\$5,360</u>

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

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**WAYNE TOWNSHIP  
MONROE COUNTY**

**COMBINED STATEMENTS 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	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$41,267	\$2,532	\$0	\$0	\$0	\$43,799
Intergovernmental	16,764	160,421	17,040	100,000	0	294,225
Earnings on Investments	98	48	0	0	6	152
Miscellaneous	2,710	0	0	0	0	2,710
<i>Total Cash Receipts</i>	<u>60,839</u>	<u>163,001</u>	<u>17,040</u>	<u>100,000</u>	<u>6</u>	<u>340,886</u>
<b>Cash Disbursements</b>						
Current:						
General Government	33,434	11,163	0	1,235	0	45,832
Public Safety	1,100	3,000	0	0	0	4,100
Public Works	0	91,979	0	0	0	91,979
Health	3,600	0	0	0	0	3,600
Capital Outlay	0	18,500	0	85,163	0	103,663
Debt Service:						
Principal Retirement	0	0	6,500	0	0	6,500
Interest and Fiscal Charges	0	0	1,361	0	0	1,361
<i>Total Cash Disbursements</i>	<u>38,134</u>	<u>124,642</u>	<u>7,861</u>	<u>86,398</u>	<u>0</u>	<u>257,035</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>22,705</u>	<u>38,359</u>	<u>9,179</u>	<u>13,602</u>	<u>6</u>	<u>83,851</u>
<b>Other Financing Receipts</b>						
Sale of Bonds	0	0	0	89,000	0	89,000
Sale of Capital Assets	4,200	0	0	0	0	4,200
<i>Total Other Financing Receipts</i>	<u>4,200</u>	<u>0</u>	<u>0</u>	<u>89,000</u>	<u>0</u>	<u>93,200</u>
<i>Net Change in Fund Cash Balances</i>	26,905	38,359	9,179	102,602	6	177,051
<i>Fund Cash Balances, January 1</i>	<u>55,186</u>	<u>41,138</u>	<u>4,142</u>	<u>0</u>	<u>5,394</u>	<u>105,860</u>
<i>Fund Cash Balances, December 31</i>	<u>\$82,091</u>	<u>\$79,497</u>	<u>\$13,321</u>	<u>\$102,602</u>	<u>\$5,400</u>	<u>\$282,911</u>

See accompanying notes to the basic financial statement.

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**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Wayne Township, Monroe County, Ohio (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, and fire protection. The Township appropriates general fund money to support two volunteer fire departments.

***Public Entity Risk Pools***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. 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, which are all organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

***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.

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

***Tractor USDA Loan Retirement Fund*** This bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the purchase of a new tractor with attachments for use in maintenance and repair of roads within the Township.

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure of capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

**USDA RD Grant/Loan Fund** The Township received a grant and loan from the United States Department of Agriculture, Rural Development for the purchase of two dump trucks. The proceeds are restricted for the purchase and outfitting of the two trucks.

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

**Sloan Cemetery Fund** The cemetery fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's Sloan Cemetery.

**Basis of Accounting**

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

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

**Budgetary Process**

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

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

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

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (Continued)**

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

A summary of 2020 budgetary activity appears in Note 3.

***Capital Assets***

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

***Fund Balance***

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

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes 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.

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

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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	\$57,377	\$65,039	\$7,662
Special Revenue	174,593	163,001	(11,592)
Debt Service	17,040	17,040	0
Capital Projects	189,000	189,000	0
Permanent	6	6	0
Total	\$438,016	\$434,086	(\$3,930)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,563	\$38,134	\$74,429
Special Revenue	215,731	124,642	91,089
Debt Service	21,182	7,861	13,321
Capital Projects	189,000	183,268	5,732
Total	\$538,476	\$353,905	\$184,571

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies from all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit account is as follows:

	2020
NOW Account time deposit	\$282,911

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 no unremitted employee payroll withholdings.

**Deposits** Deposits are insured by the Federal Deposit Insurance Corporation. At December 31, 2020, \$41,038 of deposits were not insured or collateralized, contrary to Ohio law.



**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 30.

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 6 - Risk Management**

***Workers' Compensation***

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

***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:

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

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees of the Township 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% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. 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 participant.

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**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 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 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
General Obligation Bonds, Issued in 2016	\$43,000	2.750%
General Obligation Bonds, Issued in 2020	89,000	2.125%
Total	\$132,000	

In 2016, the Township issued general obligation bonds to finance the purchase of a new tractor with attachments for Township road maintenance. The Township’s taxing authority collateralized the bonds.

In 2020, the Township issued general obligation bonds to finance the purchase of two dump trucks for Township road maintenance. The Township’s taxing authority collateralized the bonds.

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 – Debt (Continued)**

Amortization of the general obligation bonds debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2021	\$17,826
2022	17,817
2023	17,853
2024	17,880
2025	17,796
2026-2030	57,742
Total	\$146,914

**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, specifically, the unexpendable corpus of the permanent fund. 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:

Fund Balances	Capital Projects	Permanent	Total
Nonspendable:			
Corpus	\$0	\$5,360	\$5,360
Outstanding Encumbrances	96,870	0	96,870
Total	\$96,870	\$5,360	\$102,230

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

**Wayne Township**  
*Monroe County, Ohio*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – 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. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



88 East Broad Street  
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  
Monroe County  
34207 Barber Ridge  
Lewisville, Ohio 43754

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Wayne Township, Monroe County, Ohio (the Township), and have issued our report thereon dated June 28, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Township.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Township’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 28, 2022

WAYNE TOWNSHIP  
MONROE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

**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.

The Ohio Township Handbook (revised March 2019) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not always record receipts and expenditures into accurate classifications based upon the source of the receipt and expenditure type.

We noted the following:

- The purchase of road oil in the amount of \$13,343 was posted to General Government instead of Public Works in the General Fund in 2021.
- The purchase of a storage building in the amount \$10,675 was posted to General Government instead of Capital Outlay in the General Fund in 2021.
- The purchase of turn it out gear in the amount of \$11,193 was posted to General Government instead of Public Safety in the Coronavirus Relief Fund 2273 in 2021.
- The sale of a tractor in the amount of \$4,200 was posted to Miscellaneous Revenue instead of Sale of Capital Assets in the General Fund in 2020.
- The Sale of USDA bonds in the amount of \$89,000 was posted to Intergovernmental Revenue instead of Sale of Bonds in the USDA Grant/Loan Fund in 2020.

The adjustments noted above, with which management agrees, are reflected in the accompanying financial statements

We also noted the following:

- National Park Payment in Lieu of Taxes (PILT) revenue in the amount of \$278 and \$218 was posted to Miscellaneous Revenue instead of Taxes in 2021 and 2020, respectively, in the General Fund.
- The purchase of turn it out gear in the amount of \$221 was posted to General Government instead of Public Safety in the General Fund in 2021.
- A Bureau of Workers Compensation Refund in the amount of \$1,381 was posted to Intergovernmental Revenue instead of Miscellaneous Revenue in the Gasoline Tax Fund in 2020.

As these errors are not significant to the opinion units affected in 2021 or 2020, the adjustments noted above were agreed to by management but will not be posted to the financial statements.

The Township did not have a control process in place to help ensure receipts and expenditures are recorded in the correct classification.

WAYNE TOWNSHIP  
MONROE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020  
(Continued)

FINDING RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2021-001  
(Continued)

**Material Weakness (Continued)**

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and nature of the expenditure.

**Officials' Response:** We did not receive a response from Officials to the finding reported above.



# OHIO AUDITOR OF STATE KEITH FABER



**WAYNE TOWNSHIP**

**MONROE 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 7/21/2022**

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](http://www.ohioauditor.gov)