



**WASHINGTON TOWNSHIP  
LUCAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2020-2019**



**WASHINGTON TOWNSHIP  
LUCAS COUNTY  
DECEMBER 31, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Washington Township  
Lucas County  
2469 Shoreland Avenue  
Toledo, Ohio 43611

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 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 Washington Township, Lucas 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 fund type 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 11 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021, 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

October 8, 2021

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**Washington Township**  
*Lucas County*  
**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)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$81,761	\$834,437	\$916,198
Licenses, Permits and Fees	29,679	33,399	63,078
Fines and Forfeitures	376	96,366	96,742
Intergovernmental	335,405	515,810	851,215
Special Assessments	1,875	27,858	29,733
Earnings on Investments	2,242	198	2,440
Miscellaneous	3,902	25,459	29,361
<i>Total Cash Receipts</i>	<u>455,240</u>	<u>1,533,527</u>	<u>1,988,767</u>
<b>Cash Disbursements</b>			
Current:			
General Government	187,760	52,757	240,517
Public Safety	751	934,602	935,353
Public Works	50	117,476	117,526
Health	4,421	153,053	157,474
Conservation-Recreation		58,483	58,483
Capital Outlay		95,194	95,194
Debt Service:			
Principal Retirement		1,704	1,704
<i>Total Cash Disbursements</i>	<u>192,982</u>	<u>1,413,269</u>	<u>1,606,251</u>
<i>Excess of Receipts Over Disbursements</i>	<u>262,258</u>	<u>120,258</u>	<u>382,516</u>
<b>Other Financing Receipts</b>			
Other Financing Sources	1,920	5,142	7,062
Other Debt Proceeds		57,437	57,437
<i>Total Other Financing Receipts</i>	<u>1,920</u>	<u>62,579</u>	<u>64,499</u>
<i>Net Change in Fund Cash Balances</i>	264,178	182,837	447,015
<i>Fund Cash Balances, January 1</i>	<u>125,098</u>	<u>634,048</u>	<u>759,146</u>
<i>Fund Cash Balances, December 31</i>	<u>\$389,276</u>	<u>\$816,885</u>	<u>\$1,206,161</u>

*The notes to the financial statements are an integral part of this statement.*

**Washington Township**  
*Lucas County*  
*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 Washington Township, Lucas 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, police protection, fire protection, and emergency medical services.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 7 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 is organized on a fund type basis.

***Fund Accounting***

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

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

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

***Special Levy Police Fund*** The Special Levy Police Fund accounts for property tax money restricted to police protection.

***Special Levy Fire Fund*** The Special Levy Fire Fund accounts for property tax money restricted to fire protection.

***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.

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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***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 carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 4.

***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.

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**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 12.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary appropriations exceeded estimated resources in the Coronavirus Relief Fund by \$171,716 for the year ended December 31, 2020.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$198,000	\$457,160	\$259,160
Special Revenue	1,355,474	1,596,106	240,632
Total	\$1,553,474	\$2,053,266	\$499,792

  

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$321,100	\$194,428	\$126,672
Special Revenue	2,113,350	1,422,457	690,893
Total	\$2,434,450	\$1,616,885	\$817,565

**Note 5 – Deposits**

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

Demand deposits	2020 \$321,714
STAR Plus	884,447
Total deposits	\$1,206,161

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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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, \$105,402 of deposits were not insured or collateralized, contrary to Ohio law.

**Investments**

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 7 – Risk Management**

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

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care 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.

***Social Security***

Several 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 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 10 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
2005 Point Pleasant OPWC Loan	\$15,338	0%

The 2005 Point Pleasant OPWC loan relates to a road project at Point Pleasant Cove. The OPWC approved a \$68,172 interest free loan to be paid in semiannual installments for 20 years.

***Lease-Purchase Agreements***

Lease-Purchases outstanding at December 31, 2020 were as follows:

	Principal	Interest Rate
Fire Department Turnout Gear	\$57,437	3.9%

The Township entered into a Lease-Purchase agreement for Fire Department turnout gear on November 5, 2020. The total cost of the turnout gear was \$72,437, and the Township made a down payment of \$15,000. Principal and interest payments will be made in monthly installments for three years.

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Amortization**

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

Year Ending December 31:	2005 Point Pleasant OPWC	Fire Department Turnout Gear
2021	\$3,409	\$20,425
2022	3,409	20,425
2023	3,408	20,425
2024	3,408	
2025	1,704	
Total	\$15,338	\$61,275

**Note 11 – COVID-19**

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

**Note 12 – Fund Balances**

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	General	Special Revenue	Total
Outstanding Encumbrances	\$1,446	\$9,188	\$10,634

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue fund would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

**Note 13 – Change in Accounting Principle**

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

**Washington Township**  
*Lucas County*  
**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)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$84,616	\$821,760	\$906,376
Licenses, Permits and Fees	26,520	37,393	63,913
Fines and Forfeitures		75,457	75,457
Intergovernmental	109,287	277,827	387,114
Special Assessments	17,663	28,528	46,191
Earnings on Investments	6,310	402	6,712
Miscellaneous	45	70,312	70,357
<i>Total Cash Receipts</i>	<u>244,441</u>	<u>1,311,679</u>	<u>1,556,120</u>
<b>Cash Disbursements</b>			
Current:			
General Government	267,812		267,812
Public Safety	1,643	1,055,638	1,057,281
Public Works	737	181,622	182,359
Health	8,795		8,795
Conservation-Recreation		72,962	72,962
Capital Outlay		101,113	101,113
Debt Service:			
Principal Retirement		5,113	5,113
Interest and Fiscal Charges		617	617
<i>Total Cash Disbursements</i>	<u>278,987</u>	<u>1,417,065</u>	<u>1,696,052</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(34,546)</u>	<u>(105,386)</u>	<u>(139,932)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		13,701	13,701
Transfers Out	(13,701)		(13,701)
Advances In	38,000	38,000	76,000
Advances Out	(38,000)	(38,000)	(76,000)
Other Financing Sources	2,051	72,654	74,705
Other Financing Uses	(3,959)		(3,959)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(15,609)</u>	<u>86,355</u>	<u>70,746</u>
<i>Net Change in Fund Cash Balances</i>	<u>(50,155)</u>	<u>(19,031)</u>	<u>(69,186)</u>
<i>Fund Cash Balances, January 1</i>	<u>175,253</u>	<u>653,079</u>	<u>828,332</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		634,048	634,048
Assigned	123,100		123,100
Unassigned	1,998		1,998
<i>Fund Cash Balances, December 31</i>	<u>\$125,098</u>	<u>\$634,048</u>	<u>\$759,146</u>

*The notes to the financial statements are an integral part of this statement.*



**Washington Township**  
*Lucas 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 Washington Township, Lucas 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, police protection, fire protection, and emergency medical services.

***Public Entity Risk Pool***

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

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

***Special Levy Police Fund*** The Special Levy Police Fund accounts for property tax money restricted to police protection.

***Special Levy Fire Fund*** The Special Levy Fire Fund accounts for property tax money restricted to fire protection.

***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.

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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***Budgetary Process***

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

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

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

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

A summary of 2019 budgetary activity appears in Note 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.

***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.

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$254,000	\$246,492	(\$7,508)
Special Revenue	1,471,500	1,398,034	(73,466)
Total	\$1,725,500	\$1,644,526	(\$80,974)

  

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$337,473	\$296,647	\$40,826
Special Revenue	1,736,323	1,417,065	319,258
Total	\$2,073,796	\$1,713,712	\$360,084

**Note 4 – Deposits and Investments**

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

Demand deposits	2019 \$465,123
STAR Ohio	294,023
Total deposits and investments	\$759,146

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 2019, \$303,092 of deposits were not insured or collateralized, contrary to Ohio law.

**Investments**

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**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 20.

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

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

**Note 6 – Risk Management**

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

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care 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.

***Social Security***

Several 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**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2005 Point Pleasant OPWC Loan	<u>\$17,043</u>	<u>0%</u>

The 2005 Point Pleasant OPWC loan relates to a road project at Point Pleasant Cove. The OPWC approved a \$68,172 interest free to be paid in semiannual installments for 20 years.

**Washington Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Amortization**

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

Year Ending December 31:	2005 Point Pleasant OPWC
2020	\$1,704
2021	3,409
2022	3,409
2023	3,409
2024	3,408
2025	1,704
Total	<u><u>\$17,043</u></u>

**Note 10 – Interfund Advances**

Advance activity for the year ending December 31, 2019 follows:

Fund	Advances In	Advances Out
Road and Bridge Fund	\$30,000	
Permissive Motor Vehicle License Tax	6,000	
Special Revenue Lighting	2,000	
General		\$38,000
	<u>\$38,000</u>	<u>\$38,000</u>
General	\$38,000	
Road and Bridge		\$30,000
Permissive Motor Vehicle License Tax		6,000
Special Revenue Lighting		2,000
	<u>\$38,000</u>	<u>\$38,000</u>

**Note 11 – Subsequent Events**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

Washington Township  
Lucas County  
2469 Shoreland Avenue  
Toledo, Ohio 43611

To the Board of Trustees:

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 fund type as of and for the year ended December 31, 2019, and related notes of Washington Township, Lucas County, Ohio (the Township) and have issued our report thereon dated October 8, 2021, 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 2020-003 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2020-002 and 2020-003.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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

October 8, 2021



**WASHINGTON TOWNSHIP  
LUCAS COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness – Financial Reporting**

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. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors required adjustment to the financial statements and/or notes to the financial statements:

- In 2019, General Fund subsequent year appropriations in excess of estimated receipts was incorrectly classified as unassigned instead of assigned fund balance in the amount of \$123,100;
- In 2019, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the General and Special Revenue Funds, these amounts were overstated by \$175,253 and \$594,519, respectively;
- In 2019, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by the Board of Trustees. Appropriation Authority in the General Fund was understated by \$21,573 and overstated in the Special Revenue Fund by \$207,939;
- In 2020, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the Special Revenue Fund, this amount was overstated by \$171,716.

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. Failing to prepare accurate financial statements could lead the Board of Trustees to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$2,067 to \$64,254 that we have brought to the Township's attention.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions.

**Officials' Response:**

In 2021, Washington Township added new processes and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions. Washington Township has created new reports which are shared with the department heads to also review. The Fiscal Officer will review Ohio Auditor of State Audit Bulletin 2011-004 for guidance on GASB Statement No. 54.

## FINDING NUMBER 2020-002

### Noncompliance

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

On December 31, 2020 the Township's appropriations exceeded the amount certified as available by the budget commission in the Coronavirus Relief Fund by \$171,716.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Township's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Township shall draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution shall be passed by the Board of Trustees to reduce the appropriations.

### Officials' Response:

Washington Township will implement procedures to compare appropriations to estimated resources and ensure adequate resources are available going forward. The Fiscal Officer of Washington Township will submit an amended certificate of estimated resources to the budget commission for certification if applicable for 2021. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution will be passed by the Board of Trustees to reduce the appropriations.

## FINDING NUMBER 2020-003

### Noncompliance and Material Weakness

**Ohio Rev. Code § 135.18(A)** provides that each institution designated as a public depository and awarded public deposits under Ohio Rev. Code § 135.01 to 135.21, except as provided in Ohio Rev. Code § 135.144 or 135.145, shall provide security for the repayment of all public deposits by selecting one of the following methods:

1. Securing all uninsured public deposits of each public depositor separately by pledging to the public depositor eligible securities of aggregate market value at all times equal to at least one hundred five percent of the total amount of the public depositor's uninsured public deposits.
2. Securing all uninsured public deposits of every public depositor by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor at the public depository.

**Ohio Rev. Code § 135.182** creates the Ohio Pooled Collateral Program established under the Treasurer of State. Under this program, each institution designated as a public depository that selects the pledging method prescribed in Ohio Rev. Code § 135.18(A)(2) shall pledge to the treasurer of state a single pool of eligible securities for the benefit of all public depositors at the public depository to secure the repayment of all uninsured public deposits at the public depository, provided that at all times the total market value of the securities so pledged is at least equal to either of the following:

1. One hundred two percent of the total amount of all uninsured public deposits;
2. An amount determined by rules adopted by the Treasurer of State that set forth the criteria for determining the aggregate market value of the pool of eligible securities pledged by a public depository pursuant to division (B) of this section. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization.

Due to deficiencies in policies and procedures over the monitoring of collateral, one of the Township's designated depositories, Citizens Bank, did not specifically pledge securities to the Township to collateralize deposits nor did the bank enroll in the Ohio Pooled Collateral Program and the Fiscal Officer did not verify that the bank provided the required allowable collateral. As of December 31, 2020 and December 31, 2019, the portion of the Township's bank balance that was uninsured and uncollateralized was \$105,402 and \$303,092, respectively. The lack of required pledged securities could put the entire balance at risk in the event of bank failure.

The Fiscal Officer should monitor any designated depository utilized by the Township to ensure they are providing the required specifically pledged collateral or are enrolled in the Ohio Pooled Collateral System.

**Officials' Response:**

The Fiscal Officer of Washington Township will monitor any designated depository utilized by the Township to ensure the township is providing the required collateral. Washington Township is enrolled in an Ohio Pooled Collateral System.



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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	This finding was first reported in the 2014-2013 audit. Material weakness due to errors in financial reporting.	Not corrected and reissued as Finding 2020-001 in this report.	Board of Trustees will perform detailed reviews of financial information to ensure monies are properly posted.

# OHIO AUDITOR OF STATE KEITH FABER



**WASHINGTON TOWNSHIP**

**LUCAS 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 11/4/2021**

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)