



OHIO AUDITOR OF STATE
KEITH FABER



WHITE EYES TOWNSHIP
COSHOCTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

White Eyes Township
Coshocton County
P.O. Box 109
Fresno, Ohio 43824

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of White Eyes Township, Coshocton 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, 2022 and 2021, 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, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Rev. Code § 117.38 and Ohio Admin. 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, 2022 and 2021, or the changes in financial position thereof for the year 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 the Township on the basis of the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. 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.

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 Rev. Code § 117.38 and Ohio Admin. 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 November 22, 2023, 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

November 22, 2023

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White Eyes Township
Coshocton County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$72,403	\$15,785	\$0	\$0	\$0	\$88,188
Charges for Services	0	12,636	0	0	0	12,636
Licenses, Permits and Fees	386	1,150	0	0	0	1,536
Intergovernmental	28,527	223,865	0	0	0	252,392
Earnings on Investments	661	547	0	0	122	1,330
Miscellaneous	90	105,255	0	0	0	105,345
<i>Total Cash Receipts</i>	<u>102,067</u>	<u>359,238</u>	<u>0</u>	<u>0</u>	<u>122</u>	<u>461,427</u>
Cash Disbursements						
Current:						
General Government	76,386	442	0	0	0	76,828
Public Safety	0	25,035	0	0	0	25,035
Public Works	16,356	386,606	0	0	0	402,962
Health	17,129	984	0	0	0	18,113
Capital Outlay	287	292	0	0	0	579
Debt Service:						
Principal Retirement	0	17,920	0	0	0	17,920
Interest and Fiscal Charges	0	1,140	0	0	0	1,140
<i>Total Cash Disbursements</i>	<u>110,158</u>	<u>432,419</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>542,577</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,091)</u>	<u>(73,181)</u>	<u>0</u>	<u>0</u>	<u>122</u>	<u>(81,150)</u>
Other Financing Receipts						
Sale of Capital Assets	0	30,000	0	0	0	30,000
Other Financing Sources	1,174	0	0	0	0	1,174
<i>Total Other Financing Receipts</i>	<u>1,174</u>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,174</u>
<i>Net Change in Fund Cash Balances</i>	(6,917)	(43,181)	0	0	122	(49,976)
<i>Fund Cash Balances, January 1</i>	<u>88,564</u>	<u>210,492</u>	<u>28</u>	<u>331</u>	<u>19,340</u>	<u>318,755</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$81,647</u></u>	<u><u>\$167,311</u></u>	<u><u>\$28</u></u>	<u><u>\$331</u></u>	<u><u>\$19,462</u></u>	<u><u>\$268,779</u></u>

See accompanying notes to the basic financial statements

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White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the White Eyes Township, Coshocton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. Significant amounts spent for road improvements and for of the fire and emergency services. The Township contracts with the Village of West Lafayette to provide fire services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statement provides additional information for this entity. The Township’s management believe the financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

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

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

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

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

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

ARPA Fund The ARPA (American Rescue Plan Act) fund accounts for and reports federal State and Local Fiscal Recovery Fund grant activity restricted for various purposes under the Final Rule of 31 CFR Part 35.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 no significant Debt Service Funds.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had no significant capital project funds.

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:

Cemetery Endowment Fund – The cemetery endowment 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 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 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 2022 budgetary activity appears in Note 3.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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 10.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,800	\$103,241	\$16,441
Special Revenue	337,152	389,238	52,086
Permanent	0	122	122
Total	\$423,952	\$492,601	\$68,649

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,517	\$110,158	\$10,359
Special Revenue	465,685	432,419	33,266
Total	\$586,202	\$542,577	\$43,625

Note 4 – Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2022
Demand deposits	\$61,629
Certificates of deposit	15,032
Other time deposits (savings and NOW accounts)	191,418
Total deposits	268,079
U.S. savings bonds	700
Total investments	700
Total deposits and investments	\$268,779

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

The Township held two United State Savings Bonds in physical form.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Property Taxes

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

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 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.

Public Entity Risk Pool

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

For the last available report, the Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
General Obligation Bonds - 2020	\$23,304	2.50%

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

Year Ending	General Obligation
December 31:	Bonds - 2020
2023	\$8,158
2024	8,158
2025	8,158
Total	\$24,474

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

In 2020, the Township issued General Obligation Bonds to finance the purchase of a Bobcat Excavator to be used in road maintenance. It will be paid annually from the Gasoline Tax Fund.

Note 10 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Permanent</u>
Nonspendable: Corpus	15,732

The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed.

Note 11 - 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. 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.

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White Eyes Township
Coshocton County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$65,057	\$15,694	\$0	\$0	\$0	\$80,751
Licenses, Permits and Fees	0	774	0	0	0	774
Intergovernmental	28,033	225,282	0	0	0	253,315
Earnings on Investments	33	23	0	0	13	69
Miscellaneous	0	6,769	0	0	0	6,769
<i>Total Cash Receipts</i>	<u>93,123</u>	<u>248,542</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>341,678</u>
Cash Disbursements						
Current:						
General Government	73,373	491	0	0	0	73,864
Public Safety	0	17,338	0	0	0	17,338
Public Works	5,943	118,618	0	0	0	124,561
Health	7,386	423	0	0	0	7,809
Capital Outlay	698	617	0	0	0	1,315
Debt Service:						
Principal Retirement	0	17,394	0	0	0	17,394
Interest and Fiscal Charges	0	1,625	0	0	0	1,625
<i>Total Cash Disbursements</i>	<u>87,400</u>	<u>156,506</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>243,906</u>
<i>Excess of Receipts Over Disbursements</i>	<u>5,723</u>	<u>92,036</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>97,772</u>
<i>Fund Cash Balances, January 1</i>	<u>82,841</u>	<u>118,456</u>	<u>28</u>	<u>331</u>	<u>19,327</u>	<u>220,983</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$88,564</u></u>	<u><u>\$210,492</u></u>	<u><u>\$28</u></u>	<u><u>\$331</u></u>	<u><u>\$19,340</u></u>	<u><u>\$318,755</u></u>

See accompanying notes to the basic financial statements

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White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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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 no significant Debt Service Funds.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had no significant capital project funds.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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:

Cemetery Endowment Fund – The cemetery endowment 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 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 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 2021 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.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 10.

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	88,897	93,123	4,226
Special Revenue	211,813	248,542	36,729
Permanent	0	13	13
Total	\$300,710	\$341,678	\$40,968

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,105	\$87,915	\$20,190
Special Revenue	210,085	156,591	53,494
Total	\$318,190	\$244,506	\$73,684

Note 4 – Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2021
Demand deposits	\$212,874
Certificates of deposit	15,032
Other time deposits (savings and NOW accounts)	90,149
Total deposits	318,055
U.S. savings bonds	700
Total investments	700
Total deposits and investments	\$318,755

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

The Township held two United State Savings Bonds in physical 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management

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

Public Entity Risk Pool

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>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

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, 2021.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended 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:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds - 2017	\$10,534	3.125%
General Obligation Bonds - 2020	30,689	2.50%
Total	<u>\$41,223</u>	

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

Year Ending	General Obligation Bonds - 2017	General Obligation Bonds - 2020	Total
December 31:			
2022	\$10,861	\$8,158	\$19,019
2023	0	8,158	8,158
2024	0	8,158	8,158
2025	0	8,158	8,158
Total	<u>\$10,861</u>	<u>\$32,632</u>	<u>\$43,493</u>

In 2017, the Township issued General Obligation Bonds to finance the purchase of a 2013 McCormick Tractor to be used in road maintenance. It will be paid annually from the Gasoline Tax Fund.

In 2020, the Township issued General Obligation Bonds to finance the purchase of a Bobcat Excavator to be used in road maintenance. It will be paid annually from the Gasoline Tax Fund.

White Eyes Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus			15,732	15,732
Outstanding Encumbrances	517	84		601
Total	\$517	\$84	\$15,732	\$16,333

The fund balance of special revenue funds is either restricted or committed. 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 and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 - 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. 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.

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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*

White Eyes Township
Coshocton County
P.O. Box 109
Fresno, Ohio 43824

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of White Eyes Township, Coshocton County, Ohio (the Township), and have issued our report thereon dated November 22, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 purpose 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2022-002 to be a significant deficiency.

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

November 22, 2023

**WHITE EYES TOWNSHIP
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

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.

Errors were noted in the Township's financial statements that required the following audit reclassifications and adjustments to be made to the financial statements:

- For 2022, property tax reimbursements from the State were incorrectly reported as Property and Other Local Taxes instead of Intergovernmental Revenue in the amounts of \$10,314 and \$2,101 in the General Fund and Special Revenue Funds, respectively;
- For 2022, the Township received \$62,772 in State and Local Fiscal Recovery Funds (SLFRF) grant money. This was reported as a Special Item instead of as Intergovernmental Revenue. In addition, the Township spent \$117,401 in SLFRF grant funding that was reported as General Government disbursements. However, the Township utilized these funds to purchase vehicles and equipment for road maintenance. As a result, this should have been reported as Public Works disbursements;
- For 2022, the Township received \$30,000 from the proceeds of a traded asset; however, this was reported as Miscellaneous Revenue when it would have been better to report it as Sale of Assets;
- For 2022, the Township received \$12,636 from various individuals in the Township for chip and seal services. This was received in the General Fund; however, these services were paid from the Gasoline Tax Fund (which was reported as part of the Special Revenue Funds) and should have been reported as Charges for Services;
- For 2021, property tax reimbursements from the State were incorrectly reported as Property and Other Local Taxes instead of Intergovernmental Revenue in the amounts of \$9,228 and \$7,356 in the General Fund and Special Revenue Funds, respectively;
- For 2021, the Township received \$62,275 in State and Local Fiscal Recovery Funds (SLFRF) grant money. This was reported as a Special Item instead of as Intergovernmental Revenue;
- Fund Balance and Debt note disclosures were excluded from the report.

These adjustments/reclassifications have been agreed to by management, and the financial statements have been adjusted accordingly.

We also noted insignificant reclassifications as follows:

- The Township reported receipts for chip and seal and dust control as Miscellaneous Revenue instead of Charges for Services in the amounts of \$1,819 and \$3,907 in the Special Revenue Funds in 2022 and 2021, respectively.

Failure to properly report financial activity could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the Township's financial position and operations.

The Township should take the necessary steps to ensure that all receipts and disbursements of the Township are properly presented and disclosed in the Township's financial statements.

**WHITE EYES TOWNSHIP
COSHOCOTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2022-002

Significant Deficiency

Auditing standards from the American Institute of Public Accountants (AICPA) outlined in AU-C 240, Consideration of Fraud in a Financial Statement Audit, discuss the responsibility for the prevention and detection of fraud, which lies with the Township's management and those charged with governance. AU-C 240.04 indicates, "It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance." Additionally, as communicated in the engagement letter, management and those charged with governance are not only responsible to design and implement programs and controls to prevent and detect fraud, but also to report to us fraud of which they are aware.

Due to insufficient Fraud Risk Assessment Questionnaire responses from all three members of the Board of Trustees and the lack of related assurances, additional fraud risks exist at the Township. Several fraud risks were identified, most notably:

- a lack of communication, implementation, support, or enforcement of the Township's values or ethical standards by management.
- a lack of understanding of the Township's responsibilities in designing systems and procedures which would serve to mitigate, detect or prevent fraud.

As a result, we placed no reliance on internal controls in the planning of audit procedures and substantive testing was performed with that consideration. We tested 100% of the pay for elected officials. Additionally, the Township does not have a policy manual that would include an ethics policy nor were any communications of such standards made available for review.

In order to mitigate the fraud risks identified above, the Township management and Board of Trustees should draft, approve, implement, and monitor internal control policies which clearly communicate the Township's values and ethical standards, as well as any related disciplinary actions.

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

White Eyes Township

PO Box 109

26197 TR 1045

Fresno, OH 43824

Roberta Moore-Fiscal Officer

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Summary Schedule of Prior Audit Findings

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness-Financial Reporting	Not Corrected	See 2022-001

OHIO AUDITOR OF STATE KEITH FABER



WHITE EYES TOWNSHIP

COSHOCTON 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 12/21/2023

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