



OHIO AUDITOR OF STATE
KEITH FABER



WHITE EYES TOWNSHIP
COSHOCKTON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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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 Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of White Eyes Township, Coshocton 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 Rev. Code § 117.38 and Ohio Admin. Code 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 Rev. Code § 117.38 and Ohio Admin. Code 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 Rev. Code § 117.38 and Ohio Admin. Code 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 Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during 2020, the Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types. As discussed in Note 11 and Note 10 to the financial statements for 2020 and 2019, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Our opinions are not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 15, 2022

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White Eyes Township
Coshocton 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 | Debt Service | Capital Projects | Permanent | Totals (Memorandum Only) |
|--|-----------------|--------------------|-----------------|---------------------|-----------------|--------------------------------|
| Cash Receipts | | | | | | |
| Property and Other Local Taxes | \$63,152 | \$15,287 | \$0 | \$0 | \$0 | \$78,439 |
| Charges for Services | 0 | 6,150 | 0 | 0 | 0 | 6,150 |
| Licenses, Permits and Fees | 860 | 1,025 | 0 | 0 | 0 | 1,885 |
| Intergovernmental | 30,625 | 156,018 | 0 | 0 | 0 | 186,643 |
| Earnings on Investments | 284 | 137 | 0 | 0 | 175 | 596 |
| Miscellaneous | 0 | 2,762 | 0 | 0 | 0 | 2,762 |
| <i>Total Cash Receipts</i> | <u>94,921</u> | <u>181,379</u> | <u>0</u> | <u>0</u> | <u>175</u> | <u>276,475</u> |
| Cash Disbursements | | | | | | |
| Current: | | | | | | |
| General Government | 64,855 | 422 | 0 | 0 | 0 | 65,277 |
| Public Safety | 0 | 24,316 | 0 | 0 | 0 | 24,316 |
| Public Works | 4,998 | 139,168 | 0 | 0 | 0 | 144,166 |
| Health | 5,470 | 840 | 0 | 0 | 0 | 6,310 |
| Capital Outlay | 38,901 | 3,125 | 0 | 0 | 0 | 42,026 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 9,910 | 0 | 0 | 0 | 9,910 |
| Interest and Fiscal Charges | 0 | 951 | 0 | 0 | 0 | 951 |
| <i>Total Cash Disbursements</i> | <u>114,224</u> | <u>178,732</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>292,956</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(19,303)</u> | <u>2,647</u> | <u>0</u> | <u>0</u> | <u>175</u> | <u>(16,481)</u> |
| Other Financing Receipts | | | | | | |
| Sale of Bonds | 37,899 | 0 | 0 | 0 | 0 | 37,899 |
| Other Financing Sources | 971 | 0 | 0 | 0 | 0 | 971 |
| <i>Total Other Financing Receipts</i> | <u>38,870</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>38,870</u> |
| <i>Net Change in Fund Cash Balances</i> | 19,567 | 2,647 | 0 | 0 | 175 | 22,389 |
| <i>Fund Cash Balances, January 1</i> | <u>63,274</u> | <u>115,809</u> | <u>28</u> | <u>331</u> | <u>19,152</u> | <u>198,594</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$82,841</u> | <u>\$118,456</u> | <u>\$28</u> | <u>\$331</u> | <u>\$19,327</u> | <u>\$220,983</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, 2020

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, fire protection and emergency medical services. 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.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) which are 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:

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.

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:

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 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 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 2020 budgetary activity appears in Note 3.

Deposits and Investments

All deposits are maintained in certificates of deposits, savings account, checking account and savings bonds.

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:

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020 follows:

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$90,414 | \$133,791 | \$43,377 |
| Special Revenue | 207,626 | 181,379 | (26,247) |
| Permanent | 0 | 175 | 175 |
| Total | \$298,040 | \$315,345 | \$17,305 |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$123,710 | \$114,329 | \$9,381 |
| Special Revenue | 220,080 | 178,768 | 41,312 |
| Total | \$343,790 | \$293,097 | \$50,693 |

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 at December 31 was as follows:

| | |
|--|------------------|
| | <u>2020</u> |
| Demand deposits | \$115,161 |
| Certificates of deposit | 15,032 |
| Other time deposits (savings and MM accounts) | 90,090 |
| Savings Bonds (Cemetery Bequest) | 700 |
| Total carrying amount of deposits held in the pool | <u>\$220,983</u> |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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, 2020.

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Postemployment Benefits

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

Note 9 – Debt

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

| | Principal | Interest Rate |
|---------------------------------|-----------|---------------|
| General Obligation Bonds - 2017 | \$20,717 | 3.125 |
| General Obligation Bonds - 2020 | \$37,900 | 2.50 |
| Total | \$58,617 | |

In 2017, the Township issued in Equipment Bonds for the purchase of a 2013 McCormick Tractor to be used in road maintenance. The Township uses revenue from the Gasoline Tax Fund to pay debt.

In 2020, the Township issued Equipment 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.

Amortization

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

| Year Ending December 31: | Equipment Bonds | Bobcat Excavator |
|-----------------------------|--------------------|---------------------|
| 2021 | \$10,861 | \$8,158 |
| 2022 | 10,861 | \$8,158 |
| 2023 | | \$8,158 |
| 2024 | | \$8,158 |
| 2025 | | \$8,158 |
| Total | \$21,722 | \$40,790 |

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. At year end the balances of these amounts were as follows:

| <u>Fund Balances</u> | <u>Permanent</u> |
|----------------------|------------------------|
| Nonspendable: | |
| Corpus | 15,732 |
| <i>Total</i> | <u><u>\$15,732</u></u> |

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. In the general fund, subsequent year appropriations exceeding subsequent year estimated revenue 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. 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.

Note 12 – 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. The effect of this change did not include restated beginning cash balance

White Eyes Township
Coshocton 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 | Debt Service | Capital Projects | Permanent | Totals (Memorandum Only) |
|--|-----------------|--------------------|-----------------|---------------------|-----------------|--------------------------------|
| Cash Receipts | | | | | | |
| Property and Other Local Taxes | \$63,499 | \$15,229 | \$0 | \$0 | \$0 | \$78,728 |
| Licenses, Permits and Fees | 0 | 1,250 | 0 | 0 | 0 | 1,250 |
| Intergovernmental | 28,090 | 131,064 | 0 | 0 | 0 | 159,154 |
| Earnings on Investments | 318 | 166 | 0 | 0 | 170 | 654 |
| Miscellaneous | 0 | 3,074 | 0 | 0 | 0 | 3,074 |
| <i>Total Cash Receipts</i> | <u>91,907</u> | <u>150,783</u> | <u>0</u> | <u>0</u> | <u>170</u> | <u>242,860</u> |
| Cash Disbursements | | | | | | |
| Current: | | | | | | |
| General Government | 63,904 | 457 | 0 | 0 | 0 | 64,361 |
| Public Safety | 0 | 16,270 | 0 | 0 | 0 | 16,270 |
| Public Works | 6,638 | 122,778 | 0 | 0 | 0 | 129,416 |
| Health | 3,465 | 714 | 0 | 0 | 0 | 4,179 |
| Capital Outlay | 0 | 3,504 | 0 | 0 | 0 | 3,504 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 9,580 | 0 | 0 | 0 | 9,580 |
| Interest and Fiscal Charges | 0 | 1,281 | 0 | 0 | 0 | 1,281 |
| <i>Total Cash Disbursements</i> | <u>74,007</u> | <u>154,584</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>228,591</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>17,900</u> | <u>(3,801)</u> | <u>0</u> | <u>0</u> | <u>170</u> | <u>14,269</u> |
| Other Financing Receipts | | | | | | |
| Sale of Capital Assets | 0 | 2,014 | 0 | 0 | 0 | 2,014 |
| <i>Total Other Financing Receipts</i> | <u>0</u> | <u>2,014</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,014</u> |
| <i>Net Change in Fund Cash Balances</i> | 17,900 | (1,787) | 0 | 0 | 170 | 16,283 |
| <i>Fund Cash Balances, January 1</i> | <u>45,374</u> | <u>117,596</u> | <u>28</u> | <u>331</u> | <u>18,982</u> | <u>182,311</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$63,274</u> | <u>\$115,809</u> | <u>\$28</u> | <u>\$331</u> | <u>\$19,152</u> | <u>\$198,594</u> |
| Fund Cash Balances | | | | | | |
| <i>Nonspendable</i> | 0 | 0 | 0 | 0 | 15,732 | 15,732 |
| <i>Restricted</i> | 0 | 115,809 | 28 | 331 | 3,420 | 119,588 |
| <i>Assigned</i> | 18,295 | 0 | 0 | 0 | 0 | 18,295 |
| <i>Unassigned</i> | 44,979 | 0 | 0 | 0 | 0 | 44,979 |
| Total | <u>63,274</u> | <u>115,809</u> | <u>28</u> | <u>331</u> | <u>19,152</u> | <u>198,594</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, 2019

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, fire protection and emergency medical services. 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.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) which are organized on a fund type basis.

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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.

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:

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 2019 budgetary activity appears in Note 3.

Deposits and Investments

All deposits are maintained in certificates of deposits, savings account, checking account and savings bonds.

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:

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$87,671 | \$91,907 | \$4,236 |
| Special Revenue | 186,360 | 152,797 | (33,563) |
| Permanent | 0 | 170 | 170 |
| Total | \$274,031 | \$244,874 | (\$29,157) |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$126,382 | \$74,362 | \$52,020 |
| Special Revenue | 238,868 | 155,816 | 83,052 |
| Total | \$365,250 | \$230,178 | \$135,072 |

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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:

| | |
|---|------------------|
| | <u>2019</u> |
| Demand deposits | \$82,349 |
| Certificates of deposit | 15,032 |
| Other time deposits (savings and MM accounts) | 100,513 |
| Savings Bonds (Cemetery Bequest) | 700 |
| Total deposits and investments | <u>\$198,594</u> |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

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

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plan

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.

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 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:

| | Principal | Interest Rate |
|--------------------------|-----------|---------------|
| General Obligation Bonds | \$30,627 | 3.125 |

In 2017, the Township issued in Equipment Bonds for the purchase of a 2013 McCormick Tractor to be used in road maintenance. The Township uses revenue from the Gasoline Tax Fund to pay debt.

Amortization

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

| Year Ending December 31: | Equipment Bonds |
|-----------------------------|--------------------|
| 2020 | \$10,861 |
| 2021 | 10,861 |
| 2022 | 10,861 |
| Total | \$32,583 |

WHITE EYES Township
Coshocton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – COVID-19

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

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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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 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 combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the White Eyes Township, Coshocton County, Ohio (the Township), and have issued our report thereon dated February 15, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Township. We also noted the Village adopted a change in accounting principle in 2020 and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types.

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 opinion 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2020-001 to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 15, 2022

**WHITE EYES TOWNSHIP
COSHOCKTON COUNTY**

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

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

FINDING NUMBER 2020-001

Material Weakness

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

Errors noted in the Township's financial statements and notes to the financial statements required audit reclassification as follows:

- For 2020, Taxes and Other Local Property Tax were overstated by \$9,239 and Intergovernmental Revenue was understated by \$9,239 in the General Fund. This occurred as receipts were incorrectly reported;
- For 2019, Taxes and Other Local Property Tax were overstated by \$10,100 and Intergovernmental Revenue was understated by \$10,100 in the General Fund. This occurred as receipts were incorrectly reported;
- Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows:
 - GASB Cod. 1800.173 states that amounts constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as an assigned fund balance. This would include outstanding purchase orders, which were issued with the intent for which they were created. GASB Cod. 1800.176 states that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.
 - GASB Cod. 1800.166 states, in part, that the nonspendable fund balance classification includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
 - The Township General Fund appropriations exceeded estimated revenues by \$17,940 for 2019. Additionally, the Township had \$355 in outstanding encumbrances in 2019. Both should have been reported as an Assigned Fund Balance. However, the Township reported the entire balance as Unassigned Fund Balance instead of an Assigned Fund Balance as required;
 - The principal balance of the Township Permanent Funds, totaling \$15,732, should have been reported as Nonspendable, instead of Restricted Fund Balance for 2019.
- The following notes were omitted: Debt Note; Defined Benefit Pension Plans; Postemployment Benefits and Fund Balances.

**WHITE EYES TOWNSHIP
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2020-001 (Continued)

Material Weakness (Continued)

The following insignificant errors were noted:

- For 2020, correction to appropriations to include prior year outstanding encumbrances.
- For 2020, Taxes and Other Local Property Tax were overstated by \$6,755 and Intergovernmental Revenue was understated by \$6,755 in the Special Revenue Funds, with \$4,624 occurring in the Permissive Motor Vehicle License Tax Fund and \$2,131 occurring in the Fire Levy Fund. This occurred as receipts were incorrectly reported;
- For 2020, Miscellaneous Revenue was overstated by \$6,150 and Charges for Services Revenue was understated by \$6,150 in the Gasoline Tax Special Revenue Fund. This occurred as receipts were incorrectly reported;
- For 2019, Taxes and Other Local Property Tax were overstated by \$4,949 and Intergovernmental Revenue was understated by \$4,949 in the Special Revenue Fund, with \$3,891 occurring in the Permissive Motor Vehicle License Tax Fund and \$1,058 occurring in the Fire Levy Fund. This occurred as receipts were incorrectly reported;
- For 2019, Miscellaneous Revenue was overstated by \$2,014 and Sale of Assets was understated by \$2,014 in the Gasoline Tax Special Revenue Fund.
- The Township did not present encumbrances in the budgeted versus actual expenditures in the notes to the financial statements. As a result, encumbrances in the budgetary statement were included in the amount of: \$355 and \$394 in the General Fund; and \$1,234 and \$309 in the Special Revenue Fund were not presented in the notes to the financial statements in 2020 and 2019, respectively;

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

Other insignificant errors that were not adjusted included Miscellaneous Revenue that was understated by \$4,191 and Intergovernmental Revenue was overstated by \$4,191 in the General Fund in 2020.

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.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should take the necessary steps to ensure that all revenues, expenditures and equity of the Township are properly presented and disclosed in the Township's financial statements.

Officials' Response: We did not receive a response from Officials to this Finding.

**White Eyes Township
Coshocton County**

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

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|--|---------------|-------------------------------|
| 2018-001 | Material Weakness/ Noncompliance- Financial Reporting | Not Corrected | See 2020-001 |
| 2018-002 | Material Weakness Financial Reporting | Not Corrected | See 2020-001 |
| 2018-003 | Noncompliance Ohio Rev. Code § 5705.41(D)(1) | Corrected | NA |

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 3/3/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov