

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

AUDIT REPORT

JANUARY 1, 2018 - DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Windham Township
PO Box 234
Windham, Ohio 44288

We have reviewed the *Independent Auditors' Report* of the Windham Township, Portage County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Windham Township is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 31, 2020

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**WINDHAM TOWNSHIP
PORTAGE COUNTY
JANUARY 1, 2018 - DECEMBER 31, 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Windham Township
Portage County
PO Box 234
Windham, Ohio 44288

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Windham Township, Portage County, as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no 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 opinion.

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted 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 Windham Township, Portage County as of December 31, 2019 and 2018, or 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 combined cash balances of Windham Township, Portage County as of December 31, 2019 and 2018, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2020, on our consideration of Windham 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
January 31, 2020

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 40,171	\$ 47,708	\$ -	\$ 87,879
Licenses, Permits and Fees	1,759	16,562	-	18,321
Intergovernmental	43,253	137,364	-	180,617
Earnings on Investments	1,905	990	50	2,945
Miscellaneous	19,725	7,500	-	27,225
Total Cash Receipts	<u>106,813</u>	<u>210,124</u>	<u>50</u>	<u>316,987</u>
Cash Disbursements:				
Current:				
General Government	89,678	330	-	90,008
Public Works	-	131,691	-	131,691
Health	18,757	14,508	-	33,265
Capital Outlay	9,768	29,609	-	39,377
Debt Service				
Principal Retirement	-	11,926	-	11,926
Interest and Fiscal Charges	-	2,459	-	2,459
Total Cash Disbursements	<u>118,203</u>	<u>190,523</u>	<u>-</u>	<u>308,726</u>
Excess of Receipts Over (Under) Disbursements	(11,390)	19,601	50	8,261
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	1,000	-	-	1,000
Total Other Financing Receipts (Disbursements)	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Net Change in Fund Cash Balances	(10,390)	19,601	50	9,261
Fund Cash Balances, January 1	<u>138,240</u>	<u>380,331</u>	<u>9,132</u>	<u>527,703</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	6,103	6,103
Restricted	-	399,932	3,079	403,011
Assigned	433	-	-	433
Unassigned (Deficit)	127,417	-	-	127,417
Fund Cash Balances, December 31	<u>\$ 127,850</u>	<u>\$ 399,932</u>	<u>\$ 9,182</u>	<u>\$ 536,964</u>

See notes to financial statements.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Windham Township, Portage County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and public works.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool and a jointly governed organization. Notes 6 and 11 to the financial statements provides additional information for these entities.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. 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:

Gasoline Tax Fund – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

Road & Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

C. 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 Township 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.

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The 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 appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

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.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 82,061	\$ 107,813	\$ 25,752
Special Revenue	184,737	210,124	25,387
Permanent	20	50	30
Total	\$ 266,818	\$ 317,987	\$ 51,169

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 220,240	\$ 118,636	\$ 101,604
Special Revenue	564,303	191,162	373,141
Permanent	3,000	-	3,000
Total	\$ 787,543	\$ 309,798	\$ 477,745

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

4. EQUITY IN POOLED CASH

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

	2019
Demand deposits	\$ 536,964
Total Deposits	\$ 536,964

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

5. PROPERTY TAX (Continued)

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.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (the latest information available):

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	7,874,610

7. DEFINED BENEFIT PENSION PLANS

The Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2019.

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.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

9. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest rate
Ford Motor Credit Company Master Lease	\$ 26,208	6.45%
Total	\$ 26,208	

The Township entered into a master equipment lease-purchase agreement in February of 2018 with the Ford Motor Credit Company to purchase a Ford F350 Truck. It will be repaid from the Road and Bridge Fund over four years with an annual payment of \$14,385.

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

Year Ended December 31	Ford Motor Master Lease
2020	\$ 14,385
2021	14,385
Total	\$ 28,770

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

11. JOINTLY GOVERNED ORGANIZATION

WVFD Joint Fire District

The District provides fire protection and rescue services for the Township. The District is directed by a three member Board of Trustees. One board member is appointed by each political subdivision within the District with one member appointed by the two representatives from the subdivisions for a 2-year appointment. Those subdivisions are Windham Township and the Village of Windham. The District provides fire protection and rescue services within the District and by contract to areas outside the District. During 2019, the Township paid no monies to the District.

12. CONTINGENT LIABILITIES

The lawsuit the Township was involved in was resolved. The Township did not have to pay out any monies to the plaintiff.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 38,728	\$ 45,991	\$ -	\$ 84,719
Licenses, Permits and Fees	1,908	14,534	-	16,442
Intergovernmental	41,701	127,471	-	169,172
Earnings on Investments	68	34	2	104
Miscellaneous	9,387	5,900	-	15,287
Total Cash Receipts	<u>91,792</u>	<u>193,930</u>	<u>2</u>	<u>285,724</u>
Cash Disbursements:				
Current:				
General Government	91,975	2,226	312	94,513
Public Works	-	124,891	-	124,891
Health	19,278	11,914	-	31,192
Capital Outlay	-	52,520	-	52,520
Debt Service				
Principal Retirement	-	14,386	-	14,386
Total Cash Disbursements	<u>111,253</u>	<u>205,937</u>	<u>312</u>	<u>317,502</u>
Excess of Receipts Over (Under) Disbursements	(19,461)	(12,007)	(310)	(31,778)
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	52,520	-	52,520
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>52,520</u>	<u>-</u>	<u>52,520</u>
Net Change in Fund Cash Balances	(19,461)	40,513	(310)	20,742
Fund Cash Balances, January 1	<u>157,701</u>	<u>339,818</u>	<u>9,442</u>	<u>506,961</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	6,103	6,103
Restricted	-	380,331	3,029	383,360
Unassigned (Deficit)	138,240	-	-	138,240
Fund Cash Balances, December 31	<u>\$ 138,240</u>	<u>\$ 380,331</u>	<u>\$ 9,132</u>	<u>\$ 527,703</u>

See notes to financial statements.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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D. Budgetary Process

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Appropriations

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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

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A summary of 2018 appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Accumulated Leave

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H. 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:

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

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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.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 79,158	\$ 91,792	\$ 12,634
Special Revenue	177,931	246,450	68,519
Permanent	20	2	(18)
Total	\$ 257,109	\$ 338,244	\$ 81,135

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 236,817	\$ 111,253	\$ 125,564
Special Revenue	515,974	205,937	310,037
Permanent	3,280	312	2,968
Total	\$ 756,071	\$ 317,502	\$ 438,569

4. EQUITY IN POOLED CASH

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

	2018
Demand deposits	\$ 527,703
Total Deposits	\$ 527,703

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PROPERTY TAX (Continued)

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.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	2018
Cash and investments	<u>\$33,097,416</u>
Actuarial liabilities	7,874,610

7. DEFINED BENEFIT PENSION PLANS

The Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

9. DEBT

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest rate</u>
Ford Motor Credit Company Master Lease	\$ 38,134	6.45%
Total	\$ 38,134	

The Township entered into a master equipment lease-purchase agreement in February of 2018 with the Ford Motor Credit Company to purchase a Ford F350 Truck. It will be repaid from the Road and Bridge Fund over four years with an annual payment of \$14,385.

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

<u>Year Ended December 31</u>	<u>Ford Motor Master Lease</u>
2019	\$ 14,385
2020	14,385
2021	14,385
Total	\$ 43,155

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

11. JOINTLY GOVERNED ORGANIZATION

WVFD Joint Fire District

The District provides fire protection and rescue services for the Township. The District is directed by a three member Board of Trustees. One board member is appointed by each political subdivision within the District with one member appointed by the two representatives from the subdivisions for a 2-year appointment. Those subdivisions are Windham Township and the Village of Windham. The District provides fire protection and rescue services within the District and by contract to areas outside the District. During 2018, the Township paid no monies to the District.

12. CONTINGENT LIABILITIES

The Township is a defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Windham Township
Portage County
PO Box 234
Windham, Ohio 44288

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Windham Township, Portage County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated January 31, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Windham Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider Finding 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Windham 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 determination of financial statement amounts. However, opining on compliance 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 communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
January 31, 2020

**WINDHAM TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Significant Deficiency – Reclassifications

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

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

As a result of audit procedures, errors were noted that required reclassifications and adjustments to the financial statements as follows which have been made to the financial statements and accounting records:

The following is related to 2019:

- Capital Outlay Disbursements were reclassified to Principal Retirement and Interest and Fiscal Charges in the amounts of \$11,926 and \$2,459 in the Road and Bridge Fund, respectively, to show debt payments.

The following is related to 2018:

- Capital Outlay Disbursements were reclassified to Principal Retirement in the amount of \$14,386 in the Road and Bridge Fund to show debt payments.
- Other Debt Proceeds and Capital Outlay expenditures in the amount of \$52,520 were recorded in the Road and Bridge Fund.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit. The financial statements were adjusted accordingly.

Client Response: We have not yet received a response from the client.

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OHIO AUDITOR OF STATE KEITH FABER



WINDHAM TOWNSHIP

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 14, 2020**