



**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**WATERVILLE TOWNSHIP  
LUCAS COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2024 - 2023**





65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Board of Trustees  
Waterville Township  
621 Farnsworth Road  
Waterville, Ohio 43566

We have reviewed the *Independent Auditor's Report* of Waterville Township, Lucas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2023 through December 31, 2024. 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. Waterville Township is responsible for compliance with these laws and regulations.

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

January 22, 2026

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**WATERVILLE TOWNSHIP  
LUCAS COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Waterville Township  
Lucas County  
621 Farnsworth Road  
Waterville, Ohio 43566

To the Board of Trustees:

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

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Waterville Township, Lucas 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, 2024 and 2023, 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, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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, 2024 and 2023, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Revised Code Section 117.38 and Ohio Administrative Code Section 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 July 31, 2025, 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

July 31, 2025

**WATERVILLE TOWNSHIP  
LUCAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 16,583	\$ 1,080,301	\$ -	\$ 1,096,884
Licenses, Permits and Fees	13,016	-	-	13,016
Fines and Forfeitures	7,489	525	-	8,014
Intergovernmental	141,260	342,515	-	483,775
Special Assessments	-	26,965	-	26,965
Earnings on Investments	69,637	47,256	1,234	118,127
Miscellaneous	62,054	1,070	-	63,124
<i>Total Cash Receipts</i>	<u>310,039</u>	<u>1,498,632</u>	<u>1,234</u>	<u>1,809,905</u>
<b>Cash Disbursements</b>				
Current:				
General Government	106,986	20,360	-	127,346
Public Safety	13,011	1,186,514	-	1,199,525
Public Works	15,189	283,015	-	298,204
Health	170	2	-	172
Capital Outlay	-	184,722	-	184,722
<i>Total Cash Disbursements</i>	<u>135,356</u>	<u>1,674,613</u>	<u>-</u>	<u>1,809,969</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>174,683</u>	<u>(175,981)</u>	<u>1,234</u>	<u>(64)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued	-	44,004	-	44,004
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>44,004</u>	<u>-</u>	<u>44,004</u>
<i>Net Change in Fund Cash Balances</i>	174,683	(131,977)	1,234	43,940
<i>Fund Cash Balances, January 1</i>	<u>435,024</u>	<u>2,102,492</u>	<u>26,708</u>	<u>2,564,224</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 609,707</u>	<u>\$ 1,970,515</u>	<u>\$ 27,942</u>	<u>\$ 2,608,164</u>

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

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Waterville Township, Lucas 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, garbage and waste collection, and police services. The Township contracts with the City of Waterville and the Village of Whitehouse to provide fire services and to provide emergency medical services and ambulance services.

***Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools***

The Township participates in joint ventures described in Note 13. The Township participates in a jointly governed organization described in Note 14. The Township participates in a public entity risk pool described in Note 15. These notes to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

**Road and Bridge Fund** The road and bridge fund receives property tax money restricted for the construction, maintenance, and repair of roads and bridges within the Township.

**Police District Fund** The police district fund receives property tax money restricted for police protection in the unincorporated area of the Township.

**Fire District Fund** The fire district fund receives property tax money restricted to pay for fire services and emergency medical services within the Township. There is an agreement with the Township and the City of Waterville and the Village of Whitehouse for these services.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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

***Fund Accounting (Continued)***

***Special Revenue Funds (Continued)***

***Garbage & Waste Disposal Fund*** The garbage and waste disposal fund receives property tax money restricted for the garbage and waste services within the Township.

***Local Fiscal Recovery Fund*** The Township received funds from the State of Ohio Treasurer. These funds do have some limitations on the use of the 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.

***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 (C). 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 Section 117-2-03 (C) 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2024 budgetary activity appears in Note 4.

***Deposits and Investments***

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

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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

***Deposits and Investments (Continued)***

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

Township employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Leases and SBITAs***

The Township is the lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

In 2020, the Township entered into an operating lease agreement with Hanifan Obenauf Robinson Investments (HOR) for space for the Police Department. The term of the lease is February 1, 2020 through January 31, 2025. Rent is set at \$1,400 per month for the first two years (February 1, 2020 through January 31, 2022), \$1,496 per month for year three (February 1, 2022 through January 31, 2023), \$1,547 per month for year four (February 1, 2023 through January 31, 2024), and finally \$1,599 per month for the fifth year (February 1, 2024 through January 31, 2025) under this agreement. The Township disbursed \$19,190 to pay lease costs in the year ended December 31, 2024.

The Township has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software included contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

The Township has entered into an agreement with the Ohio Auditor of State for the Uniform Accounting Network (UAN) software. The agreement remains in effect until a termination notice. The Township has no plans to terminate this agreement. The Township disbursed \$3,504 to pay UAN fees in the year ended December 31, 2024.

The Township entered into a contract with Perry Pro with financing through US Bank for a copier which was ending in March 2023. Chief Humes then negotiated a new lease contract in February 2023 and the old copier was retained. The terms of this contract is 60 months (5 years). The commencement date was March 7, 2023 with a maturity date of March 7, 2028.

***Settlement Monies***

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2024, distributions of \$0 have been received.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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

***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 unclaimed monies that are required to be held for five years before they may be utilized by the Township and 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 16.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$37,040 and the Fire District Fund by \$6,162 for the year ended December 31, 2024.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 136,073	\$ 310,039	\$ 173,966
Special Revenue	1,290,711	1,542,636	251,925
Capital Projects	250	1,234	984
Total	<u>\$ 1,427,034</u>	<u>\$ 1,853,909</u>	<u>\$ 426,875</u>

  

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 162,332	\$ 199,372	\$ (37,040)
Special Revenue	1,822,643	1,741,723	80,920
Capital Projects	26,708	-	26,708
Total	<u>\$ 2,011,683</u>	<u>\$ 1,941,095</u>	<u>\$ 70,588</u>

**Note 5 – Deposits and Investments**

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

	2024
Demand deposits	\$ 1,541,321
Total deposits	<u>1,541,321</u>
STAR Ohio	1,066,843
Total investments	<u>1,066,843</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$ 2,608,164</u></u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2024, the Township is holding \$11,323 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation. First Federal Delta uses Insured Cash Sweep on the checking account.

***Investments***

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

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 6 – Property Taxes**

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

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

**Note 7 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

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

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

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

	<u>2023</u>
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

***Health Insurance***

Health insurance coverage is an employee benefit. Failing to insure health coverage is a risk for employees, not a direct risk to a township. All benefits are available upon hire. Dental benefits are provided through Delta Dental. This annual contract begins January 1. The employee pays 100% of their dental premium through payroll deductions. Medical insurance, life insurance, and accidental death and dismemberment are offered through Medical Mutual of Ohio. The annual contract period begins May 1. The employee pays 10% of the medical premium through payroll deductions and the Township pays 90% of the medical premium. The Township pays 100% of the life insurance and accidental death and dismemberment premium.



**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 or 13 percent of their gross salaries, and the Township contributed an amount equaling 14 or 18.1 percent of participants' gross salaries. The Township has paid all contributions required through November 30, 2024. The December 2024 Employee contributions of \$4,993 and the Township contributions of \$6,965 were paid in January 2025.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 10 – Debt**

Debt outstanding at December 31, 2024 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC	\$ 44,004	0.00%
Total	<u>\$ 44,004</u>	

The Township was approved by OPWC to make improvements to 1.40 miles of the Lakeview Drive, Springbrook Court, Winslow Road, and Janelynn Road also known as the 2024 Waterville Township Resurfacing Project. Construction of the project was partially awarded in February 2024. The estimated construction cost is \$524,000. The OPWC loan will be for 49.9% of the project. The Township received partial loan proceeds of \$44,004 in 2024 with the remaining proceeds expected to be received in 2025.

***Amortization***

The amortization schedule of the above debt was not available as of December 31, 2024.

**Note 11 – Construction and Contractual Commitments**

The Township was approved by OPWC to make improvements to 1.40 miles of the Lakeview Drive, Springbrook Court, Winslow Road, and Janelynn Road also known as the 2024 Waterville Township Resurfacing Project. Construction of the project was partially awarded in February 2024. The estimated construction cost is \$524,000. The OPWC loan will be for 49.9% of the project. Refer to Resolution 2023-19. Pending final invoice, the Purchase Order balance of \$67,110 was carried over into 2025.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 12 – Contingent Liabilities**

In the year ending December 31, 2022, the very first billing for the 911 call center was issued to the Townships, Cities, and Villages. This billing is based on prior calling reports and have several assumptions which place an unfair burden on Waterville Township. Despite continued efforts by Trustees and Police Chief, the cost for Regional 911 services is several times original estimates from the Feasibility Study. The call center invoice was \$68,085 and due December 1, 2024 and remains unpaid at year end pending final efforts to reduce the Township liability. This will be paid in January 2025.

In July 2024, a police vehicle was involved in a collision and the car was “totaled” by insurance. Insurance payout was \$44,298 paid in November 2024. A new vehicle was purchased pending delivery. The outstanding purchase order is \$64,016 expected to pay in January 2025 upon delivery of the vehicle. Litigation is in progress to recover the difference from the at-fault party.

The paving agreement awarded with OPWC to Gerken Paving has a final invoice pending expected to pay in January 2025. The purchase order balance of \$42,166 remains encumbered.

Road plowing and salting services were provided in December 2024 by Klumm Brothers with invoicing and payment expected in January 2025. The purchase order for \$24,944 remains encumbered.

**Note 13 – Joint Ventures**

Waterville Township entered into a joint economic development district (JEDD) agreement with the Village of Whitehouse. The JEDD is wholly situated within the Township. The purpose of this agree is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD. Resolution 2023-02 amended the JEDD agreement.

Waterville Township entered into a Fire Cooperation Agreement with the City of Waterville and the Village of Whitehouse. This agreement is to provide the necessary fire protection and emergency services within the area. Funds for this protection come from property taxes.

**Note 14 – Jointly Governed Organizations**

The Village of Whitehouse entered into the Fallen Timbers Union Cemetery District with the City of Waterville and Waterville Township. The purpose of this District is to care for the cemeteries within the respective entities. Each government has a representative on the Cemetery District Board.

**Note 15 – Public Entity Risk Pool**

The Township participates in the Ohio Township Risk Management Authority (OTARMA) which provides property and casualty coverage for its members and is a public entity risk pool. This ia a governmental risk-sharing pool wherein its members consist solely of Ohio Townships. OTARMA was formed in March 1987 to make liability and property insurance coverages available to Ohio Townships at affordable and stable prices. The stated purpose of OTARMA is to provide its members with broader coverage than is available in the conventional insurance marketplace and provide stable pricing and continuous coverage that allows members to accurately budget over a long period of time.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 16 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 64,016	\$ 67,110	\$ 131,126
Total	<u>\$ 64,016</u>	<u>\$ 67,110</u>	<u>\$ 131,126</u>

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

**Note 17 – Subsequent Events**

The Township placed a levy an additional tax in excess of the ten-mill limitation for current expenses in the Township on the primary election on March 19, 2024 and the general election on November 5, 2024. Neither attempt passed. The Trustees intend to place a levy request on the ballot for the primary election on May 6, 2025.

**WATERVILLE TOWNSHIP  
LUCAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 16,222	\$ 1,057,533	\$ -	\$ 1,073,755
Licenses, Permits and Fees	17,324	-	-	17,324
Fines and Forfeitures	-	2,036	-	2,036
Intergovernmental	137,421	223,058	-	360,479
Special Assessments	-	15,659	-	15,659
Earnings on Investments	14,008	7,584	225	21,817
Miscellaneous	2,116	5,768	-	7,884
<i>Total Cash Receipts</i>	<u>187,091</u>	<u>1,311,638</u>	<u>225</u>	<u>1,498,954</u>
<b>Cash Disbursements</b>				
Current:				
General Government	57,033	76,024	-	133,057
Public Safety	13,011	974,232	-	987,243
Public Works	19,549	113,181	-	132,730
Health	262	2,505	-	2,767
Capital Outlay	-	300	-	300
<i>Total Cash Disbursements</i>	<u>89,855</u>	<u>1,166,242</u>	<u>-</u>	<u>1,256,097</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>97,236</u>	<u>145,396</u>	<u>225</u>	<u>242,857</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	31,200	-	-	31,200
Transfers Out	-	(31,200)	-	(31,200)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>31,200</u>	<u>(31,200)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>128,436</u>	<u>114,196</u>	<u>225</u>	<u>242,857</u>
<i>Fund Cash Balances, January 1</i>	<u>306,588</u>	<u>1,988,296</u>	<u>26,483</u>	<u>2,321,367</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 435,024</u>	<u>\$ 2,102,492</u>	<u>\$ 26,708</u>	<u>\$ 2,564,224</u>

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

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Waterville Township, Lucas 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, garage and waste collection, police services, fire protection and emergency medical services. The Township contracts with the City of Waterville and the Village of Whitehouse to provide fire services and emergency medical services.

***Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools***

The Township participates in joint ventures described in Note 12. The Township participates in a jointly governed organization described in Note 13. The Township participates in a Public Entity Risk Pool described in Note 14. These notes to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Road and Bridge Fund*** The road and bridge fund receives property tax money restricted for the construction, maintenance and repair of roads and bridges within the Township.

***Police District Fund*** The police district fund account receives property tax money restricted for police protection in the unincorporated area of the Township.

***Fire District Fund*** The fire district fund receives property tax money restricted to pay for fire services and emergency medical services within the Township. There is an agreement with the Township and the City of Waterville and the Village of Whitehouse for these services.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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

***Fund Accounting (Continued)***

***Special Revenue Funds (Continued)***

***Garbage & Waste Disposal Fund*** The garbage and waste disposal fund receives property tax money restricted for the garbage and waste services within the Township.

***Local Fiscal Recovery Fund*** The Township received funds from the State of Ohio Treasurer. These funds do have some limitations on the use of the 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.

***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 (C). 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 Section 117-2-03 (C) 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The Lucas 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 2023 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes and investment bearing checking account. The Township decided to make a change in their Primary Account. Fifth Third Bank was the Primary Account. In October 2023, an investment bearing checking account was opened with First Federal Delta Bank. The accounts at Fifth Third Bank were closed in January 2024. In the month of October 2023, an account was opened at STAR Ohio.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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

***Deposits and Investments (Continued)***

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Settlement Monies***

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. The Township applied for these monies. A publication shows monies coming to the Township. After many, many calls, the Township still has not received any funds or information on forthcoming funds. The Township expected a small amount like \$1,000-2,000. No party can answer where the funds are or who to speak with in this matter. For 2023, distributions of \$0 have been received. The Township believes they are a participant in this settlement.

***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 unclaimed monies that are required to be held for five years before they may be utilized by the Township and 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.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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

***Fund Balance (Continued)***

***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 15.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 91,600	\$ 218,291	\$ 126,691
Special Revenue	1,266,115	1,311,638	45,523
Capital Projects	16	225	209
Total	<u>\$ 1,357,731</u>	<u>\$ 1,530,154</u>	<u>\$ 172,423</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 113,289	\$ 90,279	\$ 23,010
Special Revenue	1,371,381	1,275,693	95,688
Capital Projects	12,500	-	12,500
Total	<u>\$ 1,497,170</u>	<u>\$ 1,365,972</u>	<u>\$ 131,198</u>

**Note 4 – Deposits and Investments**

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

	2023
Demand deposits	<u>\$ 1,552,429</u>
Total deposits	<u>1,552,429</u>
STAR Ohio	<u>1,011,795</u>
Total investments	<u>1,011,795</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$ 2,564,224</u></u>



**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 4 – Deposits and Investments (Continued)**

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$12,644 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation. First Federal Delta uses Insured Cash Sweep on the checking account.

***Investments***

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

**Note 5 – Property Taxes**

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

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

**Note 6 – Operating Leases**

In 2020, The Township entered into an operating lease agreement with Hanifan Obenauf Robinson Investment (HOR) for space for the Police Department. The term of the lease is February 1, 2020 through January 31, 2025. Rent is set at \$1,400 per month for the first two years (February 1, 2020 through January 31, 2022), \$1,496 per month for year three (February 2, 2022 through January 31, 2023), \$1,547 per month for year four (February 1, 2023 through January 31, 2024), and finally \$1,599 per month for the fifth year (February 1, 2024 through January 31, 2025) under this agreement. The Township disbursed \$18,561 to pay lease costs in the year ended December 31, 2023.

The Township entered into a contract with Perry Pro with financing through US Bank for a copier which was ended in March 2023. Chief Humes negotiated a new lease contract in February 2023 and the old copier was retained. The terms of this contract is 60 months (5 years). The commencement date was March 7, 2023 with a maturity date of March 7, 2028.

**Note 7 – Risk Management**

***Workers' Compensation***

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

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 7 – Risk Management (Continued)**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Pool (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:

	2023
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

***Health Insurance***

Health insurance coverage is an employee benefit. Failing to insurance health coverage is a risk for employees, not a direct risk to the Township. All benefits are available upon hire. Dental benefits are provided through Delta Dental. This annual contract begins January 1. The employee pays 100% of their dental premium through payroll deductions. Medical insurance, life insurance, and accidental death and dismemberment are offered through Medical Mutual of Ohio. The annual contract period begins May 1. The employee pays 10% of the medical premium through payroll deductions and the Township pays 90% of the medical premium. The Township pays 100% of the life insurance and accidental death and dismemberment premium.

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent or 13 percent (full time police) of their gross salaries, and the Township contributed an amount equaling 14 percent or 18.1 percent (full time police) of participants' gross salaries. The Township has paid all contributions required through November 30, 2023. The December 2023 Employee contributions of \$4,265.74 and the Township contributions of \$5,954.19 were paid in January 2024.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 10 – Construction and Contractual Commitments**

The Township has been approved by OPWC to make improvements to 1.40 miles of the Lakeview Drive, Springbrook Court, Winslow Road, and Janelynn Road also known as the 2024 Waterville Township Resurfacing Project. Construction of the project will be partially funded with grants and loans from the Ohio Public Works Commission (OPWC). The Township expects to award the project in February 2024. The estimated construction cost is \$524,000. The OPWC loan will be for 49.9% of the project.

**Note 11 – Contingent Liabilities**

As noted in the 2022 Notes to the Financial Statements, the Township police department was under investigation by the Department of Labor (DOL) in 2021. There have been many changes within the Police Department since 2021. There has been no contact from the DOL in 2023. At this point in time, the Township believes the DOL has dismissed the matter.

In the year ending December 31, 2022, the very first billing for the 911 call center was issued to the Townships, Cities, and Villages. This billing is based on prior calling reports. These reports have errors. Trustees are asking the 911 Board to work with the Township in this matter in 2023. Several other Townships are trying to work with the 911 Board. The call center invoice was \$66,858 and due December 1, 2023. Purchase Order 84-2023 was issued for this liability and remains unpaid at December 31, 2023.

**Note 12 – Joint Ventures**

Waterville Township entered into a joint economic development district (JEDD) agreement with the Village of Whitehouse. The JEDD is wholly situated within the Township. The purpose of this agreement is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD. Resolution 2023-02 amended the JEDD agreement.

Waterville Township entered into a Fire Cooperation Agreement with the City of Waterville and the Village of Whitehouse. This agreement is to provide the necessary fire protection and emergency services within the area. Funds for this protection come from property taxes.

**Note 13 – Jointly Governed Organizations**

The Village of Whitehouse entered into the Fallen Timbers Union Cemetery District with the City of Waterville and Waterville Township. The purpose of this District is to care for the cemeteries within the respective entities. Each government has a representative on the Cemetery District Board.

**Waterville Township**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 14 – Public Entity Risk Pool**

The Township participates in the Ohio Township Risk Management Authority (OTARMA) which provides property and casualty coverage for its members and is a public entity risk pool. This is a governmental risk-sharing pool wherein its members consist solely of Ohio Townships. OTARMA was formed in March 1987 to make liability and property insurance coverages available to Ohio Townships at affordable and stable prices. The stated purpose of OTARMA is to provide its members with broader coverage than is available in the conventional insurance marketplace and provide stable pricing and continuous coverage that allows members to accurately budget over a long period of time.

**Note 15 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 424	\$ 78,251	\$ 78,675
Total	<u>\$ 424</u>	<u>\$ 78,251</u>	<u>\$ 78,675</u>

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

**Note 16 – Subsequent Events**

The Township passed Resolution 2023-20 on November 30, 2023. This is a Resolution to place on the ballot an additional tax in excess of the ten-mill limitation for current expenses in the Township. This will be placed on the ballot of the primary election on March 19, 2024.

**Note 17 – 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 ended in April 2023. During 2023, the Township did not receive any additional COVID-19 funding. The Township has a fund status of \$20,359.60 as of December 31, 2023. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

Waterville Township  
Lucas County  
621 Farnsworth Road  
Waterville, Ohio 43566

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, 2024 and 2023 and the related notes to the financial statements of Waterville Township, Lucas County, Ohio (the Township) and have issued our report thereon dated July 31, 2025, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying schedule of findings as items 2024-001 and 2024-002 to be material weaknesses.

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 deficiencies described in the accompanying schedule of findings as item 2024-003 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2024-002 and 2024-003.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

July 31, 2025

**WATERVILLE TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2024-001**

**Material Weakness**

**Financial Reporting**

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2024, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- In 2024, \$44,004 in debt proceeds and corresponding capital outlay passed through OPWC were not recorded; and
- In 2024, \$140,718 in intergovernmental receipts and corresponding capital outlay passed through OPWC were not recorded.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustment entries. The financial statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

The following reclassifications were immaterial to the overall financial statements and were not posted to the financial statements:

- We found one instance in 2024 and one instance in 2023 where rollback receipts were improperly classified as property taxes rather than intergovernmental in the General, Road and Bridge, Police District, and Fire District Funds; and
- In 2023, we found one instance where an intergovernmental receipt was mistakenly classified as a miscellaneous receipt in the General Fund.

During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend that the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response** – Fiscal Officer Taylor acknowledges the finding and is prepared to undertake the following corrective actions:

- a. Review the Ohio Township Handbook as noted by auditor to be prepared for future OPWC or similar grants to ensure the receipt and capital outlay are recorded;
- b. Review the Ohio Township Handbook as noted to properly record receipts – notably property tax rollbacks and intergovernmental receipts; and
- c. Review audit finding notes when posting novel transactions. The Fiscal Officer has kept the audit findings in a notebook with notes to identify the transactions in question and use them as a learning exercise.

**WATERVILLE TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2024-002**

**Material Weakness/Noncompliance**

**Ohio Rev. Code §§ 505.24 and 507.09** sets forth the method by which the Township Trustees' and Fiscal Officer's compensation should be allocated, respectively. To be paid on a salary basis in equal monthly installments, the board of trustees must unanimously pass a resolution to allow it. To be a paid from any funds(s) other than the general fund, the resolution must also specify the proportions of the salary that are to be paid from each fund (Ohio Rev. Code § 505.24(C)). If trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving her/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the Trustee/Fiscal Officer spent during that pay period providing services related to each fund to be charged.

During 2024, a portion of the Trustees' salaries were charged to the Road and Bridge Fund. There was no documentation provided to support the salary allocations to funds other than the General Fund. As a result, the Road and Bridge Fund was incorrectly charged a total of \$2,605. As a result, adjustments were made in order to fairly present the financial statements. The financial statements reflect these adjustments.

We recommend all Township elected officials' salaries be paid according to administrative procedures established to document the proportionate amount of salaries chargeable to other Township funds. If paying salaries from funds other than the General Fund, payroll certifications should be prepared and maintained.

**Official's Response** – Fiscal Officer Taylor acknowledges the finding and is prepared to undertake the following corrective actions:

- a. Resolution 2025-21 is on the agenda for August 27, 2025 to approve payment of salaries in equal monthly installments from funds other than the General Fund. Each year during the Organization Meeting, the payment plan will be reviewed and approved; and
- b. In June 2025, Waterville Township started using certification of hours documentation for Trustees and Fiscal Officer to support payment from funds other than the General Fund. This practice will continue as required by ORC.

**FINDING NUMBER 2024-003**

**Significant Deficiency/Noncompliance**

**Budgetary Controls**

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing authority from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the General Fund had expenditures in excess of appropriations in the amount of \$37,040 and the Fire District Fund had expenditures in excess of appropriations in the amount of \$6,162 as of December 31, 2024.



**WATERVILLE TOWNSHIP  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2024-003 (Continued)**

**Significant Deficiency/Noncompliance (Continued)**

**Budgetary Controls (Continued)**

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

We recommend the Township implement procedures to assure appropriations are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

**Official's Response** – Fiscal Officer Taylor acknowledges the finding and is prepared to undertake the following corrective actions:

- a. Document and follow a procedure to review and update as necessary the budget and file updated Estimate of Revenues and Appropriations with the Lucas County Auditor's Office. She will reach out to fellow Fiscal Officers for their best practices to develop and appropriate procedure for Waterville Township; and
- b. Ensure budget updates are accompanied by a Resolution to reflect said change.

**WATERVILLE TOWNSHIP  
LUCAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Financial Reporting	Not Corrected	Repeated as Finding 2024-001

# OHIO AUDITOR OF STATE KEITH FABER



**WATERVILLE TOWNSHIP**

**LUCAS COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/3/2026**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)