



OHIO AUDITOR OF STATE
KEITH FABER



**WHITEWATER TOWNSHIP
HAMILTON COUNTY
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report | 1 |
| Prepared by Management: | |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2020 | 3 |
| Notes to the Financial Statements For the Year Ended December 31, 2020 | 5 |
| Combined Statement of Receipts, Disbursements, and Changes in Cash Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2019 | 15 |
| Notes to the Financial Statements For the Year Ended December 31, 2019 | 17 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 25 |
| Schedule of Findings..... | 27 |
| Summary Schedule of Prior Audit Findings (Prepared by Management)..... | 31 |

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Whitewater Township
Hamilton County
6101 Dry Fork Road
Cleves, Ohio 45002

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Whitewater Township, Hamilton County, Ohio (the Township).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2021, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
September 3, 2021

Whitewater Township*Hamilton County, Ohio**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

| | General | Special Revenue | Totals (Memorandum Only) |
|--|-------------------------|---------------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$430,150 | \$1,681,496 | \$2,111,646 |
| Charges for Services | 0 | 200,955 | 200,955 |
| Licenses, Permits and Fees | 61,262 | 650 | 61,912 |
| Intergovernmental | 94,083 | 578,494 | 672,577 |
| Earnings on Investments | 22,700 | 10,896 | 33,596 |
| Miscellaneous | 51,310 | 18,581 | 69,891 |
| <i>Total Cash Receipts</i> | <u>659,505</u> | <u>2,491,072</u> | <u>3,150,577</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 474,912 | 39,182 | 514,094 |
| Public Safety | 0 | 2,026,204 | 2,026,204 |
| Public Works | 21,493 | 91,065 | 112,558 |
| Health | 12,519 | 0 | 12,519 |
| Human Services | 437 | 0 | 437 |
| Capital Outlay | 0 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 0 | 69,347 | 69,347 |
| Interest and Fiscal Charges | 0 | 15,526 | 15,526 |
| <i>Total Cash Disbursements</i> | <u>509,361</u> | <u>2,241,324</u> | <u>2,750,685</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>150,144</u> | <u>249,748</u> | <u>399,892</u> |
| <i>Net Change in Fund Cash Balances</i> | 150,144 | 249,748 | 399,892 |
| <i>Fund Cash Balances, January 1</i> | <u>416,235</u> | <u>2,895,363</u> | <u>3,311,598</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$566,379</u></u> | <u><u>\$3,145,111</u></u> | <u><u>\$3,711,490</u></u> |

See accompanying notes to the basic financial statements

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WHITEWATER TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Whitewater Township, Hamilton County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township is a member of the Western Joint Ambulance District. The Western Joint Ambulance District is funded by an independent levy to provide paramedic emergency medical services, in addition to the services provided by the Township's Fire Department.

The Township participates in a jointly governed organization, a joint venture and a public entity risk pool. Notes 6, 11 and 12 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.

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 organized on a fund type basis.

Fund Accounting

The Townships uses funds to maintain 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 – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

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

Fire District Fund – This fund receives property tax money to provide fire protection and emergency medical services to Township residents.

Capital Project Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Projects Fund.

OPWC Project Fund – The OPWC project fund receives OPWC grant funding for various road projects.

WHITEWATER TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Community Development Block Grant Project Fund – The Community Development Block Grant program funds various improvements to buildings throughout the Township

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Deposits and Investments (Continued)

Money market mutual funds (including STAR Ohio and Star Plus) are recorded at share values the mutual funds report. 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.

WHITEWATER TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

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

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. 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 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

WHITEWATER TOWNSHIP
HAMILTON COUNTY

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020*

Note 3 – Budgetary Activity (Continued)

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$576,743 | \$659,505 | \$82,762 |
| Special Revenue | 1,910,352 | 2,491,072 | 580,720 |
| Total | \$2,487,095 | \$3,150,577 | \$663,482 |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$762,200 | \$509,361 | \$252,839 |
| Special Revenue | 4,070,920 | 2,241,324 | 1,829,596 |
| Total | \$4,833,120 | \$2,750,685 | \$2,082,435 |

Note 4 – 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:

| | 2020 |
|---|--------------------|
| Demand deposits | \$1,027,874 |
| Total deposits | 1,027,874 |
| Star Ohio | 1,640,486 |
| RedTree Investment Group | 1,043,130 |
| Total investments | 2,683,616 |
| <i>Total carrying amount of deposits and investments held in the Pool</i> | <i>\$3,711,490</i> |

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$0 unremitted employee payroll withholdings

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

WHITEWATER TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 – 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 Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments. The Pool assumes the risk of loss up to the limits of the Whitewater Township policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

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

| | |
|-----------------------|---------------------|
| | <u>2019</u> |
| Cash and investments | \$15,920,504 |
| Actuarial liabilities | <u>\$11,329,011</u> |
| Members' Equity | \$4,591,493 |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township employees, with the exception of full time fire department personnel, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The

WHITEWATER TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 7 – Defined Benefit Pension Plans (Continued)

Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Township contributed an amount equaling 14% percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Township's certified full time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2020.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

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

WHITEWATER TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 9 – Debt (Continued)

| | Principal | Interest Rate |
|----------------------|-----------|---------------|
| 2017 Life Squad | \$27,175 | 2.75% |
| 2020 E-One Firetruck | 488,955 | 2.87% |
| Total | \$516,130 | |

Amortization

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

| Year Ending December 31: | 2017 Squad | 2020 E-One Fire Truck |
|-----------------------------|------------|--------------------------|
| 2021 | \$27,932 | \$56,941 |
| 2022 | | 56,941 |
| 2023 | | 56,941 |
| 2024 | | 56,941 |
| 2025 | | 56,941 |
| 2026-2030 | | 284,703 |
| Total | \$27,932 | \$569,408 |

Lease purchase of 2020 Emergency One fire truck to replace older unit being removed from service.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Joint Ventures

Western Joint Ambulance District

The Western Joint Ambulance District, known locally as West JAD, is a multi-community tiered Paramedic service founded by the community leaders and the local fire chiefs to provide advanced life support to our community residents and visitors in conjunction with the local fire departments and emergency medical services. West JAD was established in November of 1995 and began operations on the street on July 1, 1996. The original communities participating were the Village of Cleves, Crosby, Whitewater and Harrison Townships and the City of Harrison. The District was designed to provide advanced care to all of the patients in the geographic area by sharing services and expenses until each community chose to provide the paramedic level of protection individually.

As of 2016, Whitewater Township and Crosby Township are the only communities participating as members of West JAD. The funding for West JAD comes from a levy approved by the voters of the member communities. The levy set at 2.25 mils, and generates approximately \$347,000 annually.

The current organization is managed and governed as follows:

WHITEWATER TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 11 – Joint Ventures (Continued)

2020 OFFICERS

Chief - Nadine Swift
Captain - Jim Corbin
Medical Director - Dr. Matthew Birkle

2020 BOARD MEMBERS

William Pope - Whitewater Township
Jim Niehaus- Crosby Township
Patty McDonald – Whitewater Township
Matt Poppy – At Large
Bruce Downard - Crosby Township
Clerk - Robert Grauvogel
Legal Advisor - William Deters

2020 ADVISORY BOARD

Chief Jason Davis - Crosby Fire Department
Chief Scott Schorsch - Whitewater Fire Department

Note 12 – Jointly Governed Organizations

As set by Ohio Law, ORC Chapter 3701-36 Whitewater Township is a member of the Hamilton County General Health District. The Health District, serves 45 communities located within the County. All of the Townships and Villages which are a part of the Health District, as defined in ORC. 3709.01 “Health Districts”, have a representative to the District Advisory Council, which appoints the five members of the Board of Health.

The Health District is governed by a five-member Board of Health and day-to-day functions are carried out by the Health Commissioner. The Board has the authority to adopt rules, regulations and resolutions, which have the same status as law, and to enact policies within the Health District.

Board members are appointed to five-year, overlapping terms and at least one member must be a physician. According to Ohio Revised Code, all appointments to the health district must be made with due regard to equal representation of all parts of the jurisdiction served by Hamilton County Public Health. In March of each year, the Board reorganizes, electing new officers, and setting the time and location for the next year's meetings.

Note 13 – 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 facilities effective cash planning and control. At year end there were no encumbered amounts.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

WHITEWATER TOWNSHIP
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Whitewater Township

Hamilton County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2019

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$397,736 | \$1,579,639 | \$0 | \$1,977,375 |
| Charges for Services | 0 | 202,424 | 0 | 202,424 |
| Licenses, Permits and Fees | 58,389 | 844 | 0 | 59,233 |
| Intergovernmental | 80,851 | 215,204 | 1,250,173 | 1,546,228 |
| Earnings on Investments | 40,805 | 17,884 | 0 | 58,689 |
| Miscellaneous | 59,540 | 18,283 | 0 | 77,823 |
| <i>Total Cash Receipts</i> | <u>637,321</u> | <u>2,034,278</u> | <u>1,250,173</u> | <u>3,921,772</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 483,281 | 30,050 | 0 | 513,331 |
| Public Safety | 0 | 1,597,736 | 0 | 1,597,736 |
| Public Works | 21,165 | 133,090 | 0 | 154,255 |
| Health | 10,380 | 1,500 | 0 | 11,880 |
| Human Services | 1,816 | 0 | 0 | 1,816 |
| Capital Outlay | 0 | 0 | 1,255,453 | 1,255,453 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 25,722 | 0 | 25,722 |
| Interest and Fiscal Charges | 0 | 2,209 | 0 | 2,209 |
| <i>Total Cash Disbursements</i> | <u>516,642</u> | <u>1,790,307</u> | <u>1,255,453</u> | <u>3,562,402</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>120,679</u> | <u>243,971</u> | <u>(5,280)</u> | <u>359,370</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Sale of Capital Assets | 1,523 | 37,307 | 0 | 38,830 |
| Transfers In | 0 | 0 | 5,280 | 5,280 |
| Transfers Out | (5,280) | 0 | 0 | (5,280) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(3,757)</u> | <u>37,307</u> | <u>5,280</u> | <u>38,830</u> |
| <i>Net Change in Fund Cash Balances</i> | 116,922 | 281,278 | 0 | 398,200 |
| <i>Fund Cash Balances, January 1</i> | <u>299,313</u> | <u>2,614,085</u> | <u>0</u> | <u>2,913,398</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 0 | 2,895,363 | 0 | 2,895,363 |
| Assigned | 185,457 | 0 | 0 | 185,457 |
| Unassigned (Deficit) | 230,778 | 0 | 0 | 230,778 |
| <i>Fund Cash Balances, December 31</i> | <u>\$416,235</u> | <u>\$2,895,363</u> | <u>\$0</u> | <u>\$3,311,598</u> |

See accompanying notes to the basic financial statements

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**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Whitewater Township, Hamilton County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township is a member of the Western Joint Ambulance District. The Western Joint Ambulance District is funded by an independent levy to provide paramedic emergency medical services, in addition to the services provided by the Township's fire department.

The Township participates in a jointly governed organization, a joint venture and a public entity risk pool. Notes 6, 11 and 12 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.

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 organized on a fund basis.

Fund Accounting

The Townships uses funds to maintain 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 – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

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

Fire District Fund – This fund receives property tax money to provide fire protection and emergency medical services to Township residents.

Capital Project Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Projects Fund:

OPWC Project Fund – The OPWC project fund receives Ohio Public Works Commission grant funding for various road projects.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 – Summary of Significant Accounting Policies (Continued)

Community Development Block Grant Project Fund – The Community Development Block Grant program funds various improvements to buildings located throughout the Township.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

A summary of 2018 and 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

Money market mutual funds (including STAR Ohio and Star Plus) are recorded at share values the mutual funds report. 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.

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|---------------------|-------------------|
| General | \$ 613,450 | \$ 638,844 | \$ 25,394 |
| Special Revenue | 1,867,010 | 2,071,585 | 204,575 |
| Capital Projects | 1,255,998 | 1,255,453 | (545) |
| Total | <u>\$ 3,736,458</u> | <u>\$ 3,965,882</u> | <u>\$ 229,424</u> |

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 3 – Budgetary Activity (Continued)

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 723,700 | \$ 521,992 | \$ 201,708 |
| Special Revenue | 3,670,370 | 1,790,307 | 1,880,063 |
| Capital Projects | 1,255,999 | 1,255,453 | 546 |
| Total | \$ 5,650,069 | \$ 3,567,752 | \$ 2,082,317 |

Note 4 – Deposits and Investments

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

| | 2019 | 2018 |
|--------------------------------|--------------|--------------|
| Demand deposits | \$ 460,416 | \$ 2,319,918 |
| Total deposits | 460,416 | 2,319,918 |
| STAR Ohio | 1,828,354 | 593,480 |
| RedTree Investment Group | 1,022,828 | - |
| Total Investments | 2,851,182 | 593,480 |
| Total deposits and investments | \$ 3,311,598 | \$ 2,913,398 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution

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

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

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 6 – Risk Management

The Township insures against injuries to employees through the Ohio Bureau of Worker's 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, if material

Commercial Insurance

The Township has obtained commercial insurance for the following risks from November 5, 2017 through November 5, 2018 and again renewed the coverage for the period from November 5, 2018 through November 5, 2019 for the following risks

- Commercial property and general liability;
- Vehicles; and
- Errors and Omissions.

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 (the latest information available).

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 6 – Risk Management (Continued)

| | <u>2018</u> |
|-----------------|---------------------|
| Assets | \$15,065,000. |
| Liabilities | (\$10,734,000.) |
| Members' Equity | <u>\$4,330,789.</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's employees, with the exception of full time fire department personnel, 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Township's certified fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages from January 1, 2017 through December 31, 2018. The Township contributed to OP&F an amount equal to 24% of full-time firefighter's wages. The Township has paid all contributions required through December 31, 2018.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer 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, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9 – Debt (Continued)

| | Principal | Interest Rate |
|------------|-----------|---------------|
| 2017 Squad | 55,864 | 2.75% |
| Total | \$ 55,864 | |

The Township incurred debt in the amount of \$128,709 in December 2016 for five years with annual payments of \$27,931.84 with US Bank for the refurbishment of a 2007 Braun life squad including a new 2017 chassis. Payments are scheduled to be made from the Fire Fund.

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

| Year ending December 31: | 2017 Squad |
|--------------------------|------------|
| 2020 | 27,932 |
| 2021 | 27,932 |
| Total | \$ 55,864 |

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 - Joint Ventures

Western Joint Ambulance District

The Western Joint Ambulance District, known locally as West JAD, is a multi-community tiered Paramedic Service founded by the community leaders and the local fire chiefs to provide advanced life support to our community residents and visitors in conjunction with the local fire departments and emergency medical services. West JAD was established in November of 1995 and began operations on the street on July 1, 1996. The original communities participating were the Village of Cleves, Crosby, Whitewater and Harrison Townships and the City of Harrison. The District was designed to provide advanced care to all of the patients in the geographic area by sharing services and expenses until each community chose to provide the paramedic level of protection individually.

As of 2016, Whitewater Township and Crosby Township are the only communities participating as members of West JAD. The funding for West JAD comes from a levy approved by the voters of the member communities. The levy set at 2.25 mils, and generates approximately \$347,000 annually.

The current organization is managed and governed as follows:

OFFICERS

Chief - Nadine Swift
 Captain - Jim Corbin
 Medical Director - Dr. Matthew Birkle

BOARD MEMBERS

Lawanda Corman - Whitewater Township

Note 11 – Joint Ventures (Continued)

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Chuck Heil - Crosby Township
Clerk - Robert Grauvogel
Legal Advisor - William Deters

ADVISORY BOARD

Chief Bruce Downard - Crosby Fire Department
Chief Scott Schorsch - Whitewater Fire Department

Note 12 - Jointly Governed Organizations

Hamilton County General Health District

As set by Ohio Law, ORC Chapter 3701-36 "Whitewater Township is a member of the Hamilton County General Health District. The Health District serves 45 communities located within the County. All of the Townships and Villages which are a part of the Health District, as defined in ORC. 3709.01, have a representative to the District Advisory Council, which appoints the 5 members of the Board of Health.

The Health District is governed by a five-member Board of Health and day-to-day functions are carried out by the Health Commissioner. The Board has the authority to adopt rules, regulations and resolutions, which have the same status as law, and to enact policies within the Health District Board members are appointed to five-year, overlapping terms and at least one member must be a physician. According to Ohio Revised Code, all appointments to the Board of Health must be made with due regard to equal representation of all parts of the jurisdiction served by Hamilton County Public Health. In March of each year, the Board reorganizes, electing new officers, and setting the time and location for the next year's meetings.

Note 13 – Construction and Contractual Commitments

The Township has a joint agreement with Hamilton County for the construction of improvements to Harrison Ave., West Rd., and Kopp Ln. The current estimate of the total project is \$3,819,000. The County portion of the project is \$3,760,000 and the Township portion is \$59,600.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Whitewater Township
Hamilton County
6101 Dry Fork Road
Cleves, Ohio 45002

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and the related notes of the Whitewater Township, Hamilton County (the Township) and have issued our report thereon dated September 3, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-003.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
September 3, 2021

**WHITEWATER TOWNSHIP
HAMILTON COUNTY**

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

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

FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

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

Due to deficiencies in the Township's internal controls over financial reporting, the following conditions related to the Township's financial statements and accounting records were identified:

- Intergovernmental receipts totaling \$10,311 and \$9,760 in 2020 and 2019, respectively, in the General Fund were incorrectly posted to the Special Revenue Funds.
- Intergovernmental receipts and Capital Outlay disbursements were each overstated by \$206,637 in 2019 in the Capital Projects Funds.
- Assigned Fund Balance totaling \$185,457 in 2019 in the General Fund was incorrectly classified as Unassigned Fund Balance.

The financial statements and accounting system have been adjusted for these errors, where applicable.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$2,811 to \$13,811 that we have brought to the Township's attention. The financial statements were not adjusted for these errors.

The Township did not have procedures in place for effective monitoring of the Township's financial activity, and the accuracy of accounting and financial reporting. It is important that the Board of Trustees take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Township officials should review the Auditor of State Ohio Township Handbook, Auditor of State Bulletin 2011-004, and the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

FINDING NUMBER 2020-002

Material Weakness – Budgetary Amounts not recorded in accounting system

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

**FINDING NUMBER 2020-002
 (Continued)**

In addition, sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Board were not properly posted to the accounting system. Additionally, approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

At December 31, 2020, the budgeted amounts posted to the Township's accounting ledgers varied from the Certificate of Estimated Resources certified by the County Budget Commission as follows:

| 2020 Funds | Per Certificate of Estimated Resources | Amount Posted to System | Variance |
|---------------------------------------|--|-------------------------|-----------|
| General Fund (1000) | \$765,806 | \$997,038 | \$231,232 |
| Motor Vehicle License Tax Fund (2011) | 20,617 | 51,487 | 30,870 |
| Gasoline Tax Fund (2021) | 264,078 | 654,850 | 390,772 |
| Road & Bridge Fund (2031) | 77,438 | 183,748 | 106,310 |
| Cemetery Fund (2041) | 19,878 | 23,878 | 4,000 |
| Fire District Fund (2111) | 2,142,109 | 3,726,578 | 1,584,469 |
| Permissive Motor Vehicle Fund (2231) | 196,938 | 566,110 | 369,172 |

At December 31, 2019, the budgeted amounts posted to the Township's accounting ledgers varied from the appropriations adopted by the Board of Trustees as follows:

| 2019 Funds | Per Appropriation Resolutions | Amount Posted to System | Variance |
|---------------------------------------|-------------------------------|-------------------------|----------|
| Motor Vehicle License Tax Fund (2011) | \$37,000 | \$47,500 | \$10,500 |
| Gasoline Tax Fund (2021) | 410,500 | 421,000 | 10,500 |
| Permissive Motor Vehicle Fund (2231) | 392,500 | 388,500 | (4,000) |

In addition, the following conditions related to the footnotes to the financial statements were identified:

- Budgeted vs. Actual Budgetary Basis Expenditures were not disclosed in the footnotes for the General Fund, Special Revenue Funds, and Capital Projects Funds for 2020 and 2019.
- Budgeted Receipts for the General Fund were overstated by \$8,508 for 2020.
- Budgeted Receipts for the Special Revenue Funds were overstated by \$391,808 and \$1,255,998 for 2020 and 2019, respectively.

**FINDING NUMBER 2020-002
 (Continued)**

- Budgeted Receipts for the Capital Projects Funds were understated by \$5,825 for 2019.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

FINDING NUMBER 2020-003

Noncompliance – Appropriations in Excess of Estimated Resources

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

At December 31, 2020 the Township's appropriations exceeded the amount certified as available by the budget commission in the following funds:

| Funds | Estimated Resources | Appropriations | Variance |
|---------------------------------------|---------------------|----------------|------------|
| Motor Vehicle License Tax Fund (2011) | \$20,617 | \$40,950 | (\$20,333) |
| Gasoline Tax Fund (2021) | 264,078 | 516,200 | (252,122) |
| Road & Bridge Fund (2031) | 77,438 | 130,350 | (52,912) |
| Fire District Fund (2111) | 2,142,109 | 3,079,800 | (937,691) |
| Permissive Motor Vehicle Fund (2231) | 196,938 | 287,000 | (90,062) |

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

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

Officials' Response:

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

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6101 Dry Fork Road
Cleves, Ohio 45002
Phone (513)367-5522
www.whitewatertwp.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|---------------------|---------------|------------------------------|
| 2018-001 | Financial Reporting | Not Corrected | Reissued as Finding 2020-001 |

OHIO AUDITOR OF STATE KEITH FABER



WHITEWATER TOWNSHIP

HAMILTON 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 10/14/2021

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

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