

**Wooster-Ashland Regional Council of Governments
Wayne County, Ohio**

Basic Financial Statements – Cash Basis
December 31, 2016
with Independent Auditors' Report



Dave Yost • Auditor of State

Board of Directors
Wooster-Ashland Regional Council of Governments
538 North Market Street
Wooster, Ohio 44691

We have reviewed the Independent Auditor's Report of the Wooster-Ashland Regional Council of Governments, Wayne County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 20, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wooster-Ashland Regional Council of Governments
538 North Market Street
Wooster, Ohio 44691

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the Wooster-Ashland Regional Council of Governments (the Council) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the Wooster-Ashland Regional Council of Governments as of December 31, 2016, and the change in cash financial position for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from accounting principles generally accepted in the United States of America. We did not modify our opinion regarding this matter.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Council's basic financial statements. The Management's Discussion and Analysis (pages 3-7) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of the Council's internal control over financial reporting and on 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 Council'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 Council's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2017

Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Management's Discussion and Analysis
For the Year Ended December 30, 2016

The following report reflects on the financial condition of the Wooster-Ashland Regional Council of Governments (the Council) for the fiscal year ended December 31, 2016. Within the limitations of the Council's cash basis of accounting, this information is provided to enhance the information in the financial statements and the corresponding notes and should be reviewed in concert with the report. Comparable information will be provided when available. As the initial year, 2015 only represents 3 months as compared to 12 months for 2016.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- Total operating receipts were \$1,126,678, representing contributions from three members during fiscal year 2016.
- Total operating disbursements were \$1,708,919, with salaries representing \$438,497, or 26%, fringe benefits representing \$206,485, or 12%, purchased services representing \$103,108, or 6%, and capital outlay representing \$948,224, or 55%.

Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Council's cash basis of accounting. This annual report consists of financial statements and notes to those statements. These statements are organized so the reader can understand the Council's activities. The *Statement of Net Position – Cash Basis* and the *Statement of Receipts, Disbursements, and Change in Net Position – Cash Basis* provide information about the activities of the Council.

Reporting the Council's Financial Activities

Statement of Net Position – Cash Basis and Statement of Receipts, Disbursements, and Change in Net Position – Cash Basis

These statements look at all financial transactions and ask the question, "How did we do financially during fiscal year 2016?" The *Statement of Net Position – Cash Basis* and the *Statement of Receipts, Disbursements, and Change in Net Position - Cash Basis* answer these questions.

These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the cash actually received or paid within the current year. These statements report the Council's net position and changes in that position on a cash basis. This change in net position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished.

Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Management's Discussion and Analysis
For the Year Ended December 30, 2016

As a result of the use of the cash basis of accounting, certain assets and deferred outflows of resources and their related receipts (such as accounts receivable) and liabilities and deferred inflows of resources and their related disbursements (such as claims payable) are not recorded in these cash basis financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

The table below provides a summary of the Council's net position at December 31, 2016 and 2015.

Table 1
Net Position - Cash Basis

	2016	2015
Assets		
Equity in Pooled Cash & Cash Equivalents	\$ 3,301	\$ 540,542
Total Assets	3,301	540,542
Net Position		
Unrestricted	3,301	540,542
Total Net Position	\$ 3,301	\$ 540,542

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the Council's net position totaled \$3,301. The decrease in cash can be attributed to an increase in expenditures for new equipment purchased and updates for the building.

The table below shows the change in net position for the fiscal year ending December 31, 2016 and December 31, 2015. This will enable the reader to draw further conclusions about the Council's financial status.

Table 2
Changes in Net Position - Cash Basis

	2016	2015
Total Operating Receipts	\$ 1,126,678	\$ 600,120
Total Operating Disbursements	1,708,919	59,578
Operating Income (Loss)	(582,241)	540,542
Total Non-Operating Receipts/Disbursements	45,000	0
Change in Net Position	(537,241)	540,542
Net Position Beginning of Year	540,542	0
Net Position End of Year	\$ 3,301	\$ 540,542

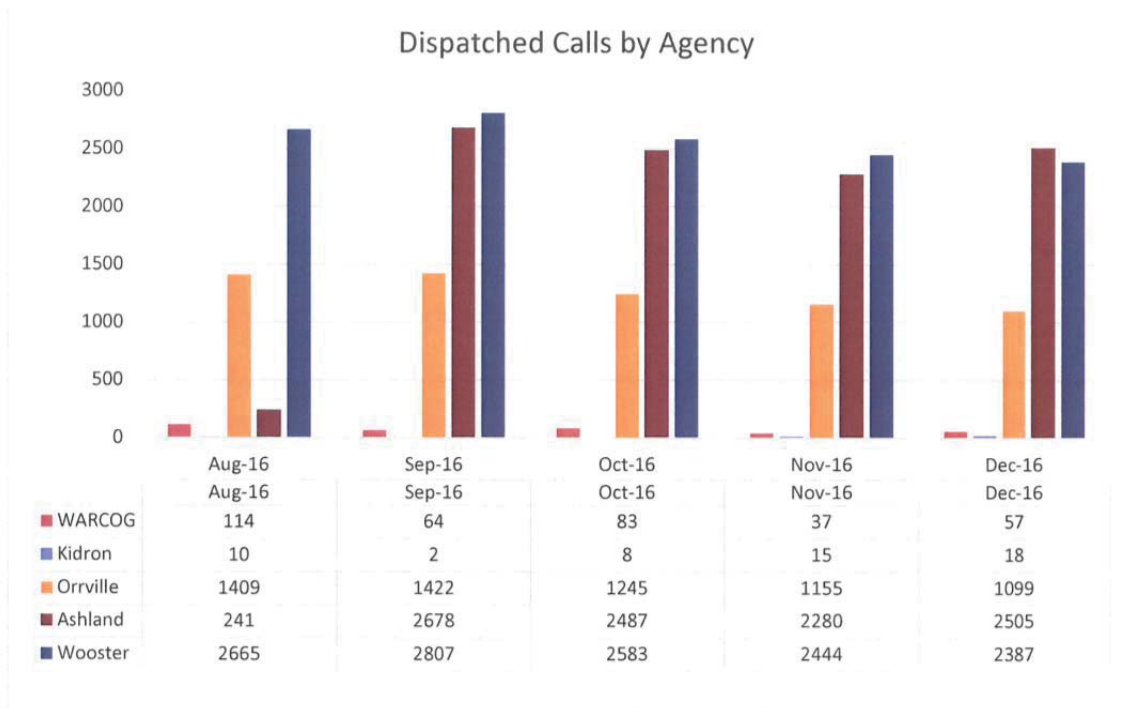
Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Management's Discussion and Analysis
For the Year Ended December 30, 2016

No comparable information is available as the Council had only 3 months of information for December 31, 2015 as compared to 12 months for December 31, 2016.

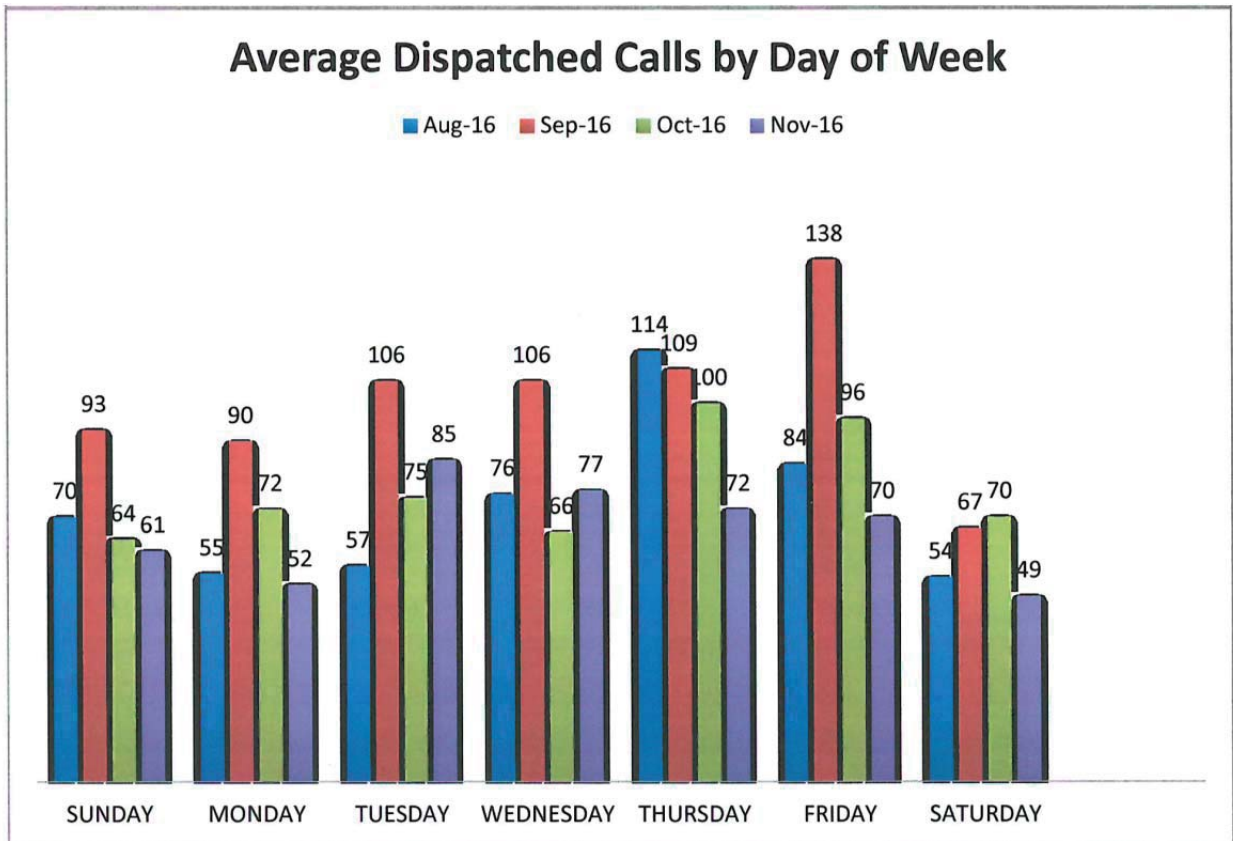
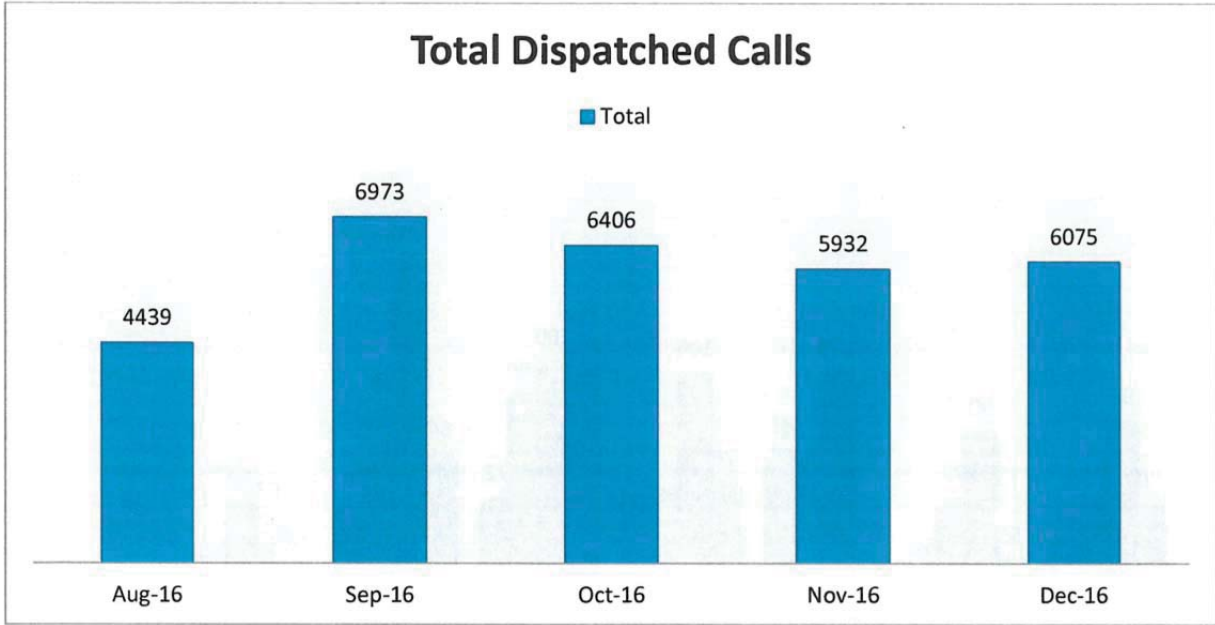
Current Financial Related Activities

The Council charges the costs of operations to the City of Wooster, City of Orrville, and the City of Ashland. The Council relies on these charges to continue operations of a joint dispatching system for police, fire, emergency medical services and other related public safety services within the Council Area. It is the intent of the Council to apply for federal, State and local funds that are made available to finance its operations.

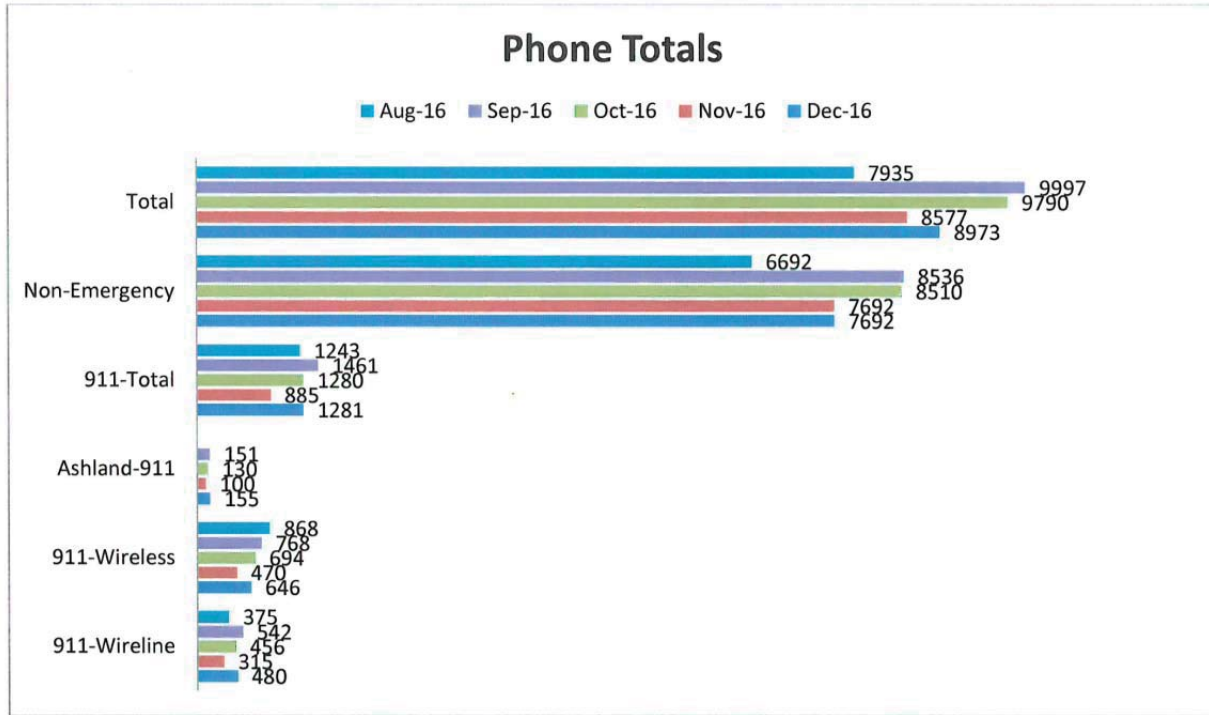
Dispatch Call Statistics



Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Management's Discussion and Analysis
For the Year Ended December 30, 2016



Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Management's Discussion and Analysis
For the Year Ended December 30, 2016



Contacting the Council's Financial Management

This financial report is designed to provide our member districts and citizens with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Andrei Dordea, Treasurer, 538 North Market Street, Wooster, Ohio 44691.

Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Statement of Net Position - Cash Basis
December 31, 2016

Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,301
	<hr/>
<i>Total Assets</i>	3,301
	<hr/>
Net Position	
Unrestricted	3,301
	<hr/>
<i>Total Net Position</i>	\$ 3,301
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See accompanying notes to the financial statements.

Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes in Net Position - Cash Basis
For the Year Ended December 31, 2016

Operating Receipts:	
Charges for Services	\$ 1,126,678
<i>Total Operating Receipts</i>	1,126,678
Operating Disbursements:	
Salaries	438,497
Employee Benefits	206,485
Purchased Services	103,108
Materials and Supplies	5,625
Other	6,980
Capital Outlay	948,224
<i>Total Operating Disbursements</i>	1,708,919
<i>Operating Income (Loss)</i>	(582,241)
Non-Operating Receipts (Disbursements)	
Federal and State Grants	45,000
<i>Change in Net Position</i>	(537,241)
<i>Net Position Beginning of Year</i>	540,542
<i>Net Position End of Year</i>	\$ 3,301

See accompanying notes to the financial statements.

Wooster-Ashland Regional Council of Governments

Wayne County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2016

Note 1 – Description of Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Wooster-Ashland Regional Council of Governments, Wayne County, Ohio (the Council) as a body corporate and politic. The Council operates in accordance with a written agreement establishing the Council pursuant to Ohio Revised Code Chapter 167. A 13 member Board of Directors governs the Council. 1 public official from each founding member (3 members); 3 additional appointed by each founding member (9 members); 1 additional rotated between the founding members (1 member). Those subdivisions are the City of Wooster, City of Orrville, and City of Ashland. The Council provides police and fire dispatch service within the Council region.

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

Note 2 - Summary of Significant Accounting Policies

Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of receipts and/or disbursements paid are appropriate for public policy, management control, accountability or other purposes.

Basis of Presentation

The Council's basic financial statements consist of a Statement of Net Position - Cash Basis and a Statement of Receipts, Disbursements and Changes in Net Position – Cash Basis.

Basis of Accounting

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Budgetary Process

The Ohio Revised Code does not require the Council to budget annually. However, the Articles of Agreement require an annual budget be approved by the Board of Directors and shall determine the charges to be assessed against the members for each budget year.

Wooster-Ashland Regional Council of Governments

Wayne County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2016

Cash and Cash Equivalents

Cash balances for the Council are held by the City of Wooster, which serves as fiscal agent. Equity in Pooled Cash and Cash Equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments held at December 31, 2016, with original maturities greater than one year are stated at cost. The Council has no investments.

Inventory and Prepaid Items

The Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's basis of accounting.

Net Position

Equity is classified as net position and is displayed in separate components. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council applies restricted resources first when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

Pensions

For purposes of measuring the net pension asset/liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value. Net pension asset/liability is not reported under the Council's basis of accounting.

Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2016

Operating Receipts and Disbursements

The Council distinguishes operating receipts and disbursements from non-operating items. Operating receipts generally result from charges assessed to member cities. Operating expenses for the Council include the cost of providing these services, including administrative expenses. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Note 3 – Deposits and Investments

The City of Wooster maintains a cash pool used by all of the City's funds, including the agency fund used to account for the Council's financial activity. At year-end, the carrying amount of the Council's deposits with the City of Wooster was \$3,301. The City is responsible for maintaining adequate depository collateral for all bank deposits within the cash pool.

Note 4 – Retirement System

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10.00% of their gross salaries and the Council contributed an amount equaling 14.00% of participants' gross salaries. The Council has paid all contributions required through December 31, 2016.

Note 5 - Risk Management

The Council is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended December 31, 2016, the Council obtained commercial insurance to address these risks.

Note 6 – Fiscal Agent

The City of Wooster will perform financial management services, including establishing an agency fund, at no cost to the Council. The Director of Finance for the City is the Treasurer of the Council as elected by the Council's Board of Trustees.

Note 7 - Contingent Liabilities

The Council is not party to any claims or lawsuits that would, in the Council's opinion, have a material effect on the financial statements.

Wooster-Ashland Regional Council of Governments
Wayne County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 – Commitments

The following construction commitments at December 31, 2016 are:

	Contract Amount	Expenditures as of 12/31/2016	Amount Remaining On Contract
Dispatch Software	\$ 146,756	\$ 80,716	\$ 66,040

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Wooster-Ashland Regional Council of Governments
538 North Market Street
Wooster, Ohio 44691

We have audited, in accordance with 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, the financial statements of the Wooster-Ashland Regional Council of Governments (the Council), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated June 28, 2017, wherein we noted the Council prepared its financial statements on a cash accounting basis, which is a basis other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control of financial reporting (internal control) to determine the 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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2017



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Dave Yost • Auditor of State

WOOSTER – ASHLAND REGIONAL COUNCIL OF GOVERNMENTS

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 3, 2017**