



Dave Yost • Auditor of State

**XENIA TOWNSHIP
GREENE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Xenia Township
Greene County
8 Brush Row Road
Xenia, Ohio 45385

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Xenia Township, Greene County, Ohio (the Township) as of and for the years ended December 31, 2015 and 2014.

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 1 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.

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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, 2015 and 2014, 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 by fund type, and related notes of Xenia Township, Greene County as of December 31, 2015 and 2014, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2014, the Township has elected to change its financial presentation from a cash basis comparable to requirements of *Governmental Accounting Standards* to an accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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 January 31, 2018, 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.



Dave Yost
Auditor of State
Columbus, Ohio

January 31, 2018

Xenia Township
Greene County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$71,921	\$1,031,943			\$1,103,864
Charges for Services		247,076			247,076
Licenses, Permits and Fees	65,913	1,448			67,361
Intergovernmental	128,974	314,191			443,165
Special Assessments	825				825
Earnings on Investments	1,237				1,237
Miscellaneous	25,230	62,996			88,226
<i>Total Cash Receipts</i>	<u>294,100</u>	<u>1,657,654</u>			<u>1,951,754</u>
Cash Disbursements					
Current:					
General Government	340,899				340,899
Public Safety		830,579			830,579
Public Works		549,186			549,186
Health	2,301	2,486			4,787
Capital Outlay	30,030	169,292			199,322
<i>Total Cash Disbursements</i>	<u>373,230</u>	<u>1,551,543</u>			<u>1,924,773</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(79,130)</u>	<u>106,111</u>			<u>26,981</u>
Other Financing Receipts (Disbursements)					
Transfers In	13,578	49,652			63,230
Transfers Out	(49,469)		(183)	(13,578)	(63,230)
Advances In	150,000				150,000
Advances Out		(150,000)			(150,000)
Other Financing Uses	(42,873)	(10,068)			(52,941)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>71,236</u>	<u>(110,416)</u>	<u>(183)</u>	<u>(13,578)</u>	<u>(52,941)</u>
<i>Net Change in Fund Cash Balances</i>	(7,894)	(4,305)	(183)	(13,578)	(25,960)
<i>Fund Cash Balances, January 1</i>	<u>506,378</u>	<u>1,464,081</u>	<u>183</u>	<u>13,578</u>	<u>1,984,220</u>
Fund Cash Balances, December 31					
Restricted		950,662			950,662
Committed		509,114			509,114
Assigned	492,505				492,505
Unassigned (Deficit)	5,979				5,979
<i>Fund Cash Balances, December 31</i>	<u>\$498,484</u>	<u>\$1,459,776</u>			<u>\$1,958,260</u>

See accompanying notes to the basic financial statements

Xenia Township
Greene County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2014

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$65,540	\$932,015			\$997,555
Charges for Services		245,433			245,433
Licenses, Permits and Fees	65,596	2,907			68,503
Intergovernmental	119,799	362,048			481,847
Special Assessments		15,632			15,632
Earnings on Investments	210	56			266
Miscellaneous	14,079	33,597			47,676
<i>Total Cash Receipts</i>	<u>265,224</u>	<u>1,591,688</u>			<u>1,856,912</u>
Cash Disbursements					
Current:					
General Government	412,803				412,803
Public Safety		806,103			806,103
Public Works		506,653			506,653
Health	6,453	3,339			9,792
Capital Outlay	1,542	44,411		135,722	181,675
<i>Total Cash Disbursements</i>	<u>420,798</u>	<u>1,360,506</u>		<u>135,722</u>	<u>1,917,026</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(155,574)</u>	<u>231,182</u>		<u>(135,722)</u>	<u>(60,114)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds		100,000			100,000
Sale of Capital Assets		17,665			17,665
Other Financing Uses	(117,568)	(11,325)			(128,893)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(117,568)</u>	<u>106,340</u>		<u>0</u>	<u>(11,228)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(273,142)</u>	<u>337,522</u>		<u>(135,722)</u>	<u>(71,342)</u>
<i>Fund Cash Balances, January 1</i>	<u>779,520</u>	<u>1,126,559</u>	<u>183</u>	<u>149,300</u>	<u>2,055,562</u>
Fund Cash Balances, December 31					
Restricted		982,610	183		982,793
Committed		481,471		13,578	495,049
Assigned	506,378				506,378
<i>Fund Cash Balances, December 31</i>	<u>\$506,378</u>	<u>\$1,464,081</u>	<u>\$183</u>	<u>\$13,578</u>	<u>\$1,984,220</u>

See accompanying notes to the basic financial statements

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Xenia Township, Greene County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in a jointly governed organization. Note 8 to the financial statements provides additional information for this entity. This organization is:

Xenia Township-City of Xenia Joint Economic Development District – The Township entered into a Joint Economic Development District (JEDD) with the City of Xenia in 2011. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, Greene County, the Township, the City, and the District.

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

B. Accounting Basis

During 2014, the Township elected to change its financial presentation from a cash basis comparable to the requirements of *Government Accounting Standards*. 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.

C. 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.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Fund - This fund receives property tax money for providing fire protection services to the Township.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Fire Truck Fund - The Township received revenue in this fund from the County for loan payments related to a loan obtained in 2006 to purchase a new fire truck. The loan has been repaid and the remaining fund balance was transferred into the Fire Fund during 2015 when the debt service fund was closed.

4. 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 project funds:

Dump Trucks Fund - The Township transferred money from the General Fund to this fund in previous years. The money accumulated and was used to purchase new dump trucks during 2014. During 2015 the Township transferred the remaining fund balance into the General fund and the capital projects fund was closed.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant, and Equipment

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

H. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$1,958,260	\$1,984,220
Total deposits	1,958,260	1,984,220

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 is as follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$331,817	\$457,678	\$125,861
Special Revenue	2,032,360	1,707,306	(325,054)
Capital Projects	563,882	0	(563,882)
Total	\$2,928,059	\$2,164,984	(\$763,075)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$787,694	\$473,275	\$314,419
Special Revenue	2,885,750	1,763,012	1,122,738
Capital Projects	577,460	13,578	563,882
Debt Service	183	183	0
Total	\$4,251,087	\$2,250,048	\$2,001,039

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$297,220	\$265,224	(\$31,996)
Special Revenue	1,521,388	1,709,353	187,965
Total	\$1,818,608	\$1,974,577	\$155,969

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,094,539	\$538,366	\$556,173
Special Revenue	2,758,024	1,371,831	1,386,193
Debt Service	10,000	0	10,000
Capital Projects	149,300	135,722	13,578
Total	\$4,011,863	\$2,045,919	\$1,965,944

4. PROPERTY TAX

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.

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Local Government Innovation Loan	\$90,000	0%
Total	\$90,000	

The Township agreed to a loan with the City of Xenia in order to finance the transition of public safety radio services to a new system.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	Local Government Innovation Fund Loan
2016	\$10,000
2017	10,000
2018	10,000
2019	10,000
2020	10,000
2021-2025	40,000
Total	\$90,000

***. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and 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. From January 1, 2014 through June 30, 2014, July 1, 2014 through June 30, 2015, and July 1, 2015 through December 31, 2015 OP&F participants contributed 10.75%, 11.5% and 12.25% of their wages, respectively. For 2015 and 2014, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2015 and 2014, 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, 2015.

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.

+. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**XENIA TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

JOINTLY GOVERNED ORGANIZATIONS

Xenia Township – City of Xenia Joint Economic Development District (JEDD): The Township entered into the JEDD agreement with the City of Xenia on January 14, 2011. The JEDD was intended to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County of Greene, the Township, the City, and the District. The Township appoints one of five board members to serve on the Board of Directors of the JEDD.

9. ACCOUNTABILITY AND COMPLIANCE

The Township did not remit federal and state taxes in accordance with 26 USC §3403 and Ohio Rev. Code § 5747.06. The Township has been subject to late fees and penalties due to its failure report and file taxes in a timely manner.

The Township did not remit pension withholdings and employer share of pension obligations in accordance with Ohio Rev. Code §742.35 and 145.47(B).

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Dave Yost • Auditor of State

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

Xenia Township
Greene County
8 Brush Row Road
Xenia, Ohio 45385

To the Township 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 by fund type of Xenia Township, Greene County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated January 31, 2018 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 that the Township has elected to change its financial presentation from a cash basis comparable to requirements of *Governmental Accounting Standards* to an accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider findings 2015-001 and 2015-002 to be significant deficiencies.

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 determination of financial statement amounts. 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 2015-001.

Township's Responses to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State
Columbus, Ohio

January 31, 2018

**XENIA TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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<i>Finding Number</i>	2015-001
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NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Ohio Rev. Code § 5747.06, in part, states that except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee. The method of determining the amount to be withheld shall be prescribed by rule of the tax commissioner.

26 USC § 3403, in part, states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

Ohio Rev. Code § 742.35, states that each employer shall pay its police officer employers' contribution and firefighter employers' contribution in monthly payments as provided in sections 742.33 and 742.34 of the Revised Code. The employer shall make each payment not later than the last day of the month after the month for which the police officer or firefighter employee retirement contributions were withheld. If an employer fails to make the payment installment by the date it is due, a penalty determined under section 742.352 of the Revised Code shall be assessed against the employer. In addition, interest on past due accounts and penalties may be charged at a rate determined by the board from the date the payment is due to the date of payment.

Ohio Rev. Code §145.47(B), states, in part, that the head of each state department, institution, board, and commission, and the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period. The system, after making a record of all receipts under this division, shall deposit the receipts with the treasurer of state for use as provided by this chapter.

During 2014, the Township remitted to the Ohio Public Employees Retirement System (OPERS) withholdings from employee pay, as well as the required contributions from the Township. There was a \$2,787 variance between the amount received by OPERS and the amount that the Township's accounting records reported as due to the retirement system. We were unable to determine whether this amount has been subsequently remitted to OPERS.

**FINDING NUMBER 2015-001
(Continued)**

An employee left service during 2014. The Township failed to withhold any payroll taxes on the severance payout.

During 2014, the Township reported \$49,982 in payments to the Ohio Police and Fire (OP&F) pension system for employee and employer share of retirement. However, the pension system confirmed total payments of \$51,781 for 2014. Similarly the pension system confirmed \$46,520 in payments received from Xenia Township during 2015. However, the accounting system only showed \$43,690 in payments to OP&F.

We obtained confirmations from the IRS of the activity for the Federal 941 filing by quarter and found that the Township was consistently late in filing and remitting its federal taxes. The Township was assessed \$13,057 in fines and penalties and \$294 in interest for its late filings and payments during 2014 and 2015.

Policies and procedures should be established and implemented to verify that the Township remits required retirement contributions and tax withholdings and files required reports to the retirement systems and taxing agencies in a timely manner. Failure to do so could result in additional fines and penalties. The Township could also face legal ramifications.

Official's Response: See Page 18

<i>Finding Number</i>	2015-002
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SIGNIFICANT DEFICIENCY

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the books provide reasonable assurance that all receipts and expenditures have been correctly posted on the entity's books and have been correctly posted by the bank. Additionally, reconciliations provide the entity with a picture of its financial position at month-end. The Township's books were not properly reconciled until 2014 and the Township reported numerous adjusting items on its monthly bank reconciliations, some of which are still outstanding.

At December 31, 2015, the Township had outstanding checks dating back to November 2011. In addition there were multiple electronic fund transfers (EFT) amounting to \$58,580 that were outstanding as of December 31, 2015. Due to the nature of EFTs, it is very rare for them to be outstanding on the monthly bank reconciliations and it is nearly impossible for an EFT to be outstanding for more than two years. Additionally, the December 31, 2015 bank reconciliation listed other adjusting factors of \$976 to the books and \$829 to the bank. The net impact of these adjusting factors was reducing book balance by \$127 to match the bank.

The Township should investigate these reconciling items to determine whether they are true reconciling items or whether the books need to be adjusted to properly reflect the Township's cash balance. Failure to do so could result in the Trustees using wrong cash balances in their decision making process.

Official's Response: See Page 18



Xenia Township

Board of Trustees – Greene County

8 Brush Row Road – Xenia, OH 45385

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www.xeniatownship.org

TRUSTEES
 Scott W. Miller
 Susan Spradlin
 Steve Combs

FISCAL OFFICER
 Sheila Seiter

FIRE CHIEF
 Dean Fox

ROAD/PUBLIC WORKS SUPT.
 Jim Pile

ZONING INSPECTOR
 Alan Stock

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2015 AND 2014

Finding Number	Finding Summary	Status	Additional Information
2013-001	Ohio Rev. Code § 2921.42(A)(1) – conflict of interest in personnel matter.	Fully Corrected	The Trustee is no longer on the Board and his wife has since resigned from her employment with the Township
2013-002	Ohio Rev. Code § 121.22(C) and Ohio Rev. Code § 121.22(G) – Timely preparation of minutes and executive sessions	Partially corrected	Minutes were prepared in a timely manner. The Township entered into executive sessions without meeting the requirements of Ohio Rev. Code § 121.22(G) Repeated as a management letter comment.
2013-003	26 USC § 3403 and Ohio Rev. Code § 5747.07(B) – income tax filings and reporting with IRS	Partially Corrected	Significant improvements have been made. Repeated as finding number 2015-001
2013-004	Ohio Rev. Code § 5705.39 – Appropriations exceeding estimated resources.	Partially Corrected	Repeated as a management letter comment
2013-005	Ohio Rev. Code § 5705.41(D) – proper certification of expenditures	Corrected	
2013-006	Ohio Rev. Code § 117.28 – Finding for recovery in amount of \$51,553 (\$51,302 against Barbara Miller) \$251 against John Faulkner)	Corrected	Attorney General collected \$51,302 finding against Barbara Miller from her bonding company. Finding against John Faulkner has been repaid.
2013-007	Ohio Rev. Code §§ 742.35 and 145.47(B) – payment to retirement systems	Partially Corrected	Repeated as finding number 2015-001
2013-008	Ohio Rev. Code § 5705.10(C) – expending money from incorrect funds	Partially Corrected	Repeated as a management letter comment.
2013-009	Providing financial reports to the Township Trustees and the Administrator	Partially Corrected	Repeated as a management letter comment
2013-010	Cash reconciliations	Partially corrected	The Township has made significant progress towards reconciling its books. Repeated as finding number 2015-002



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To: State Auditor
From: Sheila J. Seiter, Fiscal Officer, Xenia Township
Date: March 16, 2018
Re: 2014-2015 State Audit

Below are the responses to the two Findings:

Finding Number 2015-001

Re: OPERS & OP&FPF Payments: Upon returning to the fiscal officer's position in October 2015 I confirmed both vendors were in arrears one month, paid and reported the same. Subsequently, I called each and was advised no further payments or reports were outstanding. I have come to the determination the variances from the retirement funds and the township's then payroll and accounting program records were due to the many duplicate and non-voided processed payments during the audit period. Those outstanding issues were addressed during subsequent bank reconciliations and fund balance adjustments during 2016 and 2017.

Finding Number 2015-002

Re: Outstanding Bank Reconciliation Items: As noted above, during the audit period, there were many duplicate and non-voided processed payments. UAN transactions were reconciled with bank statements in great detail. Many transactions were cleared or voided as needed. The still outstanding EFT's were considered duplicate and adjustments performed in 2017. The final old outstanding warrants were investigated and voided or re-issued as needed. Documentation is in the 2016-2017 and 2018-2019 Audit files.

Re: Other Adjusting Factors on Bank Reconciliations: There were other figures during 2014-2015 that were entered to balance, what statements were reconciled during the audit period. They changed from month to month depending where it was needed to balance i.e. Not in UAN, Not in Bank. There were two consistent figures. One was \$1,319.61 (as inflating bank errors) of which no notes or documentation has been found. The second figure was \$976.41 from 2012. This was noted on the reconciliations as per Plattenburg, the accounting firm used at that time to help with fiscal issues and the Annual Financial Report(s). A typed page was found titled Reconciliation 12/31/13 with Orchard Trust (80), County Wide Credit Union (340) and Ohio Police & Fire (557), total (977) with hand written note "probably s/b VOIDED." There is no indication whom this page is from or the function. Further, this is the only documentation found. There is no direction from Plattenburg to take action. Nor has any UAN reports, entries, etc. been found indicating these amounts in line codes. Therefore, in an attempt to reconcile the bank account, for the July 2017 reconciliation, I processed it without the above two previously entered adjustment figures. The result was an outstanding balance of \$146.74 which has been carried to date as an Other Adjusting Factor of Payments Not in UAN. I requested permission from the State Auditor and Board of Trustees during the exit meeting to adjust that amount in the General Fund as a final reconciliation. The Auditor recommended it be processed as an expense as needed by way of Board Resolution.



Dave Yost • Auditor of State

XENIA TOWNSHIP

GREENE 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
MARCH 29, 2018**