

**WAYNE TOWNSHIP
ADAMS COUNTY
Regular Audit
For the Years Ended December 31, 2013 and 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Wayne Township
1065 Coon Hill Rd.
Winchester, OH 45697

We have reviewed the *Independent Auditor's Report* of Wayne Township, Adams County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2013. 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. Wayne Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

October 21, 2014

This page intentionally left blank.

WAYNE TOWNSHIP
ADAMS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12
Schedule of Audit Findings	14
Schedule of Prior Audit Findings	15

This page intentionally left blank.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT AUDITOR'S REPORT

September 30, 2014

Wayne Township
Adams County
1065 Coon Hill Rd.
Winchester, OH 45697

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of **Wayne Township**, Adams County, (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1B 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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Wayne Township, Adams County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014, 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.



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

**WAYNE TOWNSHIP
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 62,059	\$ 60,592	\$ -	\$ -	\$ 122,651
Charges for Services	-	11,665	-	-	11,665
Licenses, Permits and Fees	-	270	-	-	270
Intergovernmental	43,417	167,826	-	-	211,243
Earnings on Investments	77	94	-	-	171
Miscellaneous	16,003	5,771	-	-	21,774
<i>Total Cash Receipts</i>	<u>121,556</u>	<u>246,218</u>	<u>-</u>	<u>-</u>	<u>367,774</u>
Cash Disbursements					
Current:					
General Government	93,790	350	-	-	94,140
Public Safety	-	37,794	-	-	37,794
Public Works	-	80,894	-	-	80,894
Health	1,228	16,264	-	-	17,492
Capital Outlay	50,112	80,368	-	-	130,480
Debt Service:					
Principal Retirement	610	-	7,605	-	8,215
Interest and Fiscal Charges	-	-	196	-	196
<i>Total Cash Disbursements</i>	<u>145,740</u>	<u>215,670</u>	<u>7,801</u>	<u>-</u>	<u>369,211</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(24,184)	30,548	(7,801)	-	(1,437)
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	87	4,560	-	-	4,647
Transfers In	-	-	7,410	-	7,410
Transfers Out	-	(7,410)	-	-	(7,410)
Other Financing Sources	1,845	-	-	-	1,845
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,932</u>	<u>(2,850)</u>	<u>7,410</u>	<u>-</u>	<u>6,492</u>
<i>Net Change in Fund Cash Balances</i>	(22,252)	27,698	(391)	-	5,055
<i>Fund Cash Balances, January 1</i>	<u>92,310</u>	<u>161,368</u>	<u>391</u>	<u>200</u>	<u>254,269</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	200	200
Restricted	-	189,066	-	-	189,066
Unassigned	70,058	-	-	-	70,058
<i>Fund Cash Balances, December 31</i>	<u>\$ 70,058</u>	<u>\$ 189,066</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 259,324</u>

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

**WAYNE TOWNSHIP
ADAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 62,098	\$ 60,771	\$ -	\$ -	\$ 122,869
Charges for Services	-	15,270	-	-	15,270
Licenses, Permits and Fees	-	330	-	-	330
Intergovernmental	24,241	94,211	-	-	118,452
Earnings on Investments	116	137	-	-	253
Miscellaneous	16,724	3,475	-	-	20,199
<i>Total Cash Receipts</i>	<u>103,179</u>	<u>174,194</u>	<u>-</u>	<u>-</u>	<u>277,373</u>
Cash Disbursements					
Current:					
General Government	96,327	300	-	-	96,627
Public Safety	-	31,667	-	-	31,667
Public Works	-	108,039	-	-	108,039
Health	450	20,847	-	-	21,297
Capital Outlay	-	1,713	-	-	1,713
Debt Service:					
Principal Retirement	-	-	11,004	-	11,004
Interest and Fiscal Charges	-	-	230	-	230
<i>Total Cash Disbursements</i>	<u>96,777</u>	<u>162,566</u>	<u>11,234</u>	<u>-</u>	<u>270,577</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	6,402	11,628	(11,234)	-	6,796
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	292	-	-	292
Transfers In	-	-	11,234	-	11,234
Transfers Out	-	(11,234)	-	-	(11,234)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>(10,942)</u>	<u>11,234</u>	<u>-</u>	<u>292</u>
<i>Net Change in Fund Cash Balances</i>	6,402	686	-	-	7,088
<i>Fund Cash Balances, January 1</i>	<u>85,908</u>	<u>160,682</u>	<u>391</u>	<u>200</u>	<u>247,181</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	200	200
Restricted	-	161,368	391	-	161,759
Unassigned	92,310	-	-	-	92,310
<i>Fund Cash Balances, December 31</i>	<u>\$ 92,310</u>	<u>\$ 161,368</u>	<u>\$ 391</u>	<u>\$ 200</u>	<u>\$ 254,269</u>

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

**WAYNE TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 Wayne Township, Adams County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and fire protection services.

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool

OTARMA – 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 Township’s management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Township has one primary, interest bearing checking account and one certificate of deposit which was valued at cost.

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 in another fund.

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:

WAYNE TOWNSHIP
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

Fire District Fund - This fund receives property tax money to provide fire protection to Township residents.

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 Fund:

Bond Retirement Fund – This fund receives transfers from the Fire District Fund to meet debt service requirements on its fire truck loan.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund received a bequest to be used for maintenance on the Township's cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. 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.

WAYNE TOWNSHIP
ADAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process (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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 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 classified 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 funds 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* amount 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.

**WAYNE TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance (Continued)

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

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.

2. EQUITY IN POOLED DEPOSITS

The Township maintains a deposit pool that 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:

	2013	2012
Demand Deposits	\$ 259,124	\$ 254,069
Certificate of Deposit	200	200
Total Deposits	\$ 259,324	\$ 254,269

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 109,753	\$ 123,488	\$ 13,735
Special Revenue	238,372	250,778	12,406
Debt Service	7,410	7,410	-
Total	\$ 355,535	\$ 381,676	\$ 26,141

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 162,392	\$ 145,740	\$ 16,652
Special Revenue	293,600	223,080	70,520
Debt Service	7,801	7,801	-
Total	\$ 463,793	\$ 376,621	\$ 87,172

**WAYNE TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

3. BUDGETARY ACTIVITY (CONTINUED)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 87,948	\$ 103,179	\$ 15,231
Special Revenue	170,082	174,486	4,404
Debt Service	11,300	11,234	(66)
Total	\$ 269,330	\$ 288,899	\$ 19,569

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 170,647	\$ 96,777	\$ 73,870
Special Revenue	301,260	173,800	127,460
Debt Service	11,234	11,234	-
Total	\$ 483,141	\$ 281,811	\$ 201,330

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. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**WAYNE TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

6. RISK MANAGEMENT (CONTINUED)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	<u>8,486,363</u>	<u>9,355,082</u>
Net Position	<u>\$26,467,923</u>	<u>\$25,416,188</u>

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$10,058	\$10,051

**WAYNE TOWNSHIP
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

6. RISK MANAGEMENT (CONTINUED)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. MISCELLANEOUS REVENUE

The Miscellaneous revenues are primarily composed of gym and community hall rentals in the general fund and sales of cemetery lots in the Cemetery Fund. Miscellaneous revenues for the years ended December 31, 2013 and 2012 were \$21,774 and \$20,199, respectively.

8. TRANSFERS IN/OUT

During 2012, the following transfer was made:

	<u>Transfers In</u>	<u>Transfers Out</u>
Bond Retirement- Fire Truck	\$ 11,234	\$ -
Fire District	-	(11,234)
Total	<u>\$ 11,234</u>	<u>\$ (11,234)</u>

During 2012, the Township transferred money from the Fire District Fund to the Bond Retirement Fund in order to pay debt payments from the appropriate funds. This transfer was determined to be appropriate and in compliance with the Ohio Revised Code.

During 2013, the following transfer was made:

	<u>Transfers In</u>	<u>Transfers Out</u>
Bond Retirement- Fire Truck	\$ 7,410	\$ -
Fire District	-	(7,410)
Total	<u>\$ 7,410</u>	<u>\$ (7,410)</u>

During 2012, the Township transferred money from the Fire District Fund to the Bond Retirement Fund in order to pay debt payments from the appropriate funds. This transfer was determined to be appropriate and in compliance with the Ohio Revised Code.

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. 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.

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

September 30, 2014

Wayne Township
Adams County
1065 Coon Hill Rd
Winchester, Ohio 44417

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 **Wayne Township**, Adams County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated September 30, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered 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 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 Government'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 audit findings as item 2013-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 30, 2014.

Entity's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



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

WAYNE TOWNSHIP
ADAMS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. Code Section 5705.09(F) requires that each subdivision shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

In 2013, the Township failed to establish the required special revenue fund in its accounting records and financial statements to account for the receipt and disbursement of CDBG money in the amount of \$19,600. This grant was instead recorded within the General Fund.

The failure to record the CDBG activity prevents the users of the financial statements from seeing the financial benefit received by the Township. The failure to establish the required fund weakens accountability, makes it more difficult to show compliance with the grant, and could jeopardize future grant funding.

We recommend procedures be implemented by the Township to provide for the recording of this activity in the accounting records and financial statements in accordance with the Ohio Township Accounting Manual.

Officials' Response – When receiving grants, the Township will ensure the grant is recorded correctly.

**WAYNE TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Debt Proceeds and Expenditures	Yes	N/A

This page intentionally left blank.



Dave Yost • Auditor of State

WAYNE TOWNSHIP

ADAMS 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
NOVEMBER 06, 2014**