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Certified Public Accountants, A.C.

**WAYNE TOWNSHIP
CLERMONT COUNTY
Regular Audit**

For the Years Ended December 31, 2014 and 2013

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Dave Yost • Auditor of State

Board of Trustees
Wayne Township
6320 State Route 133
Goshen, Ohio 45122

We have reviewed the *Independent Auditor's Report* of Wayne Township, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Ohio Rev. Code § 505.60(A) states as provided in this section and section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

(A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

(B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

(C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

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Contrary to the Ohio Revised Code Sections above, Sandra Borchers was reimbursed \$14,325 for medical and hospital expenses. These costs were not for insurance premiums covering medical and hospitalization.

Date	Check #	Overpayment – FFR	Fund	Check Signed By Trustees
5/9/2013	31125	\$1,462	\$1,462 – Fund 1000: General	Carl Jason Ritter; Don Wilson; Harold Grosnickle
8/20/2013	31508	1,500	\$1,050 – Fund 1000: General; \$75 – Fund 2031: Road & Bridge; \$375 – Fund 2111: Fire District	Carl Jason Ritter; Don Wilson
11/14/2013	31746	1,500	\$1,050 – Fund 1000: General; \$75 – Fund 2031: Road & Bridge; \$375 – Fund 2111: Fire District	Carl Jason Ritter; Don Wilson
12/19/2013	31916	1,462	\$1,097 – Fund 1000: General; \$365 – Fund 2031: Road & Bridge	Carl Jason Ritter; Harold Grosnickle
4/10/2014	32234	2,000	\$1,400 – Fund 1000: General; \$100 – Fund 2031: Road & Bridge; \$400 – Fund 2111: Fire District; \$100 – Fund 2041: Cemetery	Carl Jason Ritter; Harold Grosnickle
7/31/2014	32572	1,840	\$1,840 – Fund 1000: General	Carl Jason Ritter; Harold Grosnickle
11/18/2014	32899	1,200	\$1,200 – Fund 1000: General	Carl Jason Ritter; Warren Walker
12/17/2014	33014	3,361	\$3,361 – Fund 1000: General	Carl Jason Ritter; Warren Walker
Total Overpayment - FFR		\$14,325		

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Fiscal Officer Sandra Borchers and her bonding company, The Ohio Casualty Insurance Company, in the amount of \$14,325, and in favor of Wayne Township, Clermont County’s General Fund in the amount of \$12,460; Road and Bridge Fund in the amount of \$615; Fire District Fund in the amount of \$1,150; and the Cemetery Fund in the amount of \$100.

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Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Township Officers signed the warrants resulting in the following improper payments:

- Township Trustee Carl Jason Ritter and his bonding company Western Surety is jointly and severally liable for the checks signed by him in the amount of \$14,325 and in favor of Wayne Township, Clermont County’s General Fund in the amount of \$12,460; Road and Bridge Fund in the amount of \$615; Fire District Fund in the amount of \$1,150; and the Cemetery Fund in the amount of \$100.
- Township Trustee Don Wilson and his bonding company Western Surety is jointly and severally liable for the checks signed by him in the amount of \$4,462 and in favor of the Wayne Township, Clermont County's General Fund in the amount of \$3,562; Road and Bridge Fund in the amount of \$150; and the Fire District Fund in the amount of \$750.
- Township Trustee Harold Grosnickle and his bonding company Western Surety is jointly and severally liable for the checks signed by him in the amount of \$6,764 and in favor of Wayne Township, Clermont County's General Fund in the amount of \$5,799; Road and Bridge Fund in the amount of \$465; Fire District Fund in the amount of \$400; and the Cemetery Fund in the amount of \$100.
- Township Trustee Warren Walker and his bonding company Western Surety is jointly and severally liable for the checks signed by him in the amount of \$4,561 and in favor of Wayne Township, Clermont County’s General Fund.

On July 7, 2016, the Board of Trustees approved at its meeting for Sandra Borchers to pay \$14,325 by the end of her term as Fiscal Officer on March 21, 2020. The approval stated that if she were to be out of office before the end of her term she is still responsible for the debt.

On September 9, 2016, Sandra Borchers paid \$2,625 towards the finding for recovery. \$760 was repaid to the General Fund, \$615 was repaid to the Road and Bridge Fund, \$1,150 was repaid to the Fire District Fund, and \$100 was repaid to the Cemetery Fund.

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On August 2, 2016, Sandra Borchers paid another \$1,304 towards the finding for recovery. This amount was repaid into the General Fund.

After making the above payments, the Finding for Recovery for public money illegally expended against the Fiscal Officer Sandra Borchers and her bonding company, The Ohio Casualty Insurance Company is hereby issued in the remaining amount of \$10,396 and in favor of Wayne Township's General Fund.

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". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 9, 2016

WAYNE TOWNSHIP
CLERMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 10, 2016

Wayne Township
Clermont County
6320 State Route 133
Goshen, Ohio 45122

To the Board of 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 **Wayne Township**, Clermont County, (the Township) as of and for the years ended December 31, 2014 and 2013.

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 opinions.



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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 (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, 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, Clermont County as of December 31, 2014 and 2013, 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 June 10, 2016, 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
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 74,466	\$ 518,912	\$ -	\$ 593,378
Charges for Services	-	204,912	-	204,912
Licenses, Permits and Fees	42,464	26,888	-	69,352
Intergovernmental	42,759	187,616	-	230,375
Earnings on Investments	590	6	-	596
Miscellaneous	8,922	20,630	-	29,552
<i>Total Cash Receipts</i>	<u>169,201</u>	<u>958,964</u>	<u>-</u>	<u>1,128,165</u>
Cash Disbursements				
Current:				
General Government	164,051	77,709	-	241,760
Public Safety	-	580,204	-	580,204
Public Works	-	138,058	-	138,058
Health	503	16,313	-	16,816
Capital Outlay	4,466	121,791	140,000	266,257
Debt Service:				
Principal Retirement	-	14,210	-	14,210
Interest and Fiscal Charges	-	1,790	-	1,790
<i>Total Cash Disbursements</i>	<u>169,020</u>	<u>950,075</u>	<u>140,000</u>	<u>1,259,095</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>181</u>	<u>8,889</u>	<u>(140,000)</u>	<u>(130,930)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	140,000	140,000
Sale of Capital Assets	5,600	-	-	5,600
Transfers In	-	500	-	500
Transfers Out	(500)	-	-	(500)
Advances In	13,600	-	-	13,600
Advances Out	-	(13,600)	-	(13,600)
Other Financing Sources	-	61,515	-	61,515
<i>Total Other Financing Receipts (Disbursements)</i>	<u>18,700</u>	<u>48,415</u>	<u>140,000</u>	<u>207,115</u>
<i>Net Change in Fund Cash Balances</i>	18,881	57,304	-	76,185
<i>Fund Cash Balances, January 1</i>	<u>257,740</u>	<u>504,836</u>	<u>-</u>	<u>762,576</u>
Fund Cash Balances, December 31				
Restricted	-	562,140	-	562,140
Unassigned	276,621	-	-	276,621
<i>Fund Cash Balances, December 31</i>	<u>\$ 276,621</u>	<u>\$ 562,140</u>	<u>\$ -</u>	<u>\$ 838,761</u>

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

**WAYNE TOWNSHIP
CLERMONT 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 64,419	\$ 576,260	\$ 640,679
Charges for Services	-	149,582	149,582
Licenses, Permits and Fees	35,413	25,647	61,060
Intergovernmental	44,090	254,229	298,319
Earnings on Investments	817	17	834
Miscellaneous	7,884	42,091	49,975
<i>Total Cash Receipts</i>	<u>152,623</u>	<u>1,047,826</u>	<u>1,200,449</u>
Cash Disbursements			
Current:			
General Government	147,412	78,325	225,737
Public Safety	-	700,633	700,633
Public Works	-	167,204	167,204
Health	503	19,654	20,157
Capital Outlay	2,886	49,525	52,411
Debt Service:			
Principal Retirement	-	13,648	13,648
Interest and Fiscal Charges	-	2,352	2,352
<i>Total Cash Disbursements</i>	<u>150,801</u>	<u>1,031,341</u>	<u>1,182,142</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,822</u>	<u>16,485</u>	<u>18,307</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	500	500
Transfers Out	(500)	-	(500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(500)</u>	<u>500</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	1,322	16,985	18,307
<i>Fund Cash Balances, January 1 (Restated - See Note 9)</i>	<u>256,418</u>	<u>487,851</u>	<u>744,269</u>
Fund Cash Balances, December 31			
Restricted	-	504,836	504,836
Unassigned	257,740	-	257,740
<i>Fund Cash Balances, December 31</i>	<u>\$257,740</u>	<u>\$ 504,836</u>	<u>\$ 762,576</u>

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

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, Clermont 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, police protection, fire protection and emergency medical services.

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 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

The Township deposits all available funds in a checking and savings account at a commercial bank.

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.

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 Fund:

Fire District Fund - This fund receives property tax money to pay for operations of the fire protection services within the Township.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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:

Permanent Improvement - The Township received debt proceeds to purchase an ambulance.

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 fund, function, 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.

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 2014 and 2013 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.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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.

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.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

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 at December 31 was as follows:

	2014	2013
Demand Deposits	\$838,761	\$762,576
Total Deposits	\$838,761	\$762,576

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 170,841	\$ 188,401	\$ 17,560
Special Revenue	1,003,947	1,020,979	17,032
Capital Projects	140,000	140,000	-
Total	\$ 1,314,788	\$ 1,349,380	\$ 34,592

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 184,006	\$ 169,520	\$ 14,486
Special Revenue	982,201	963,675	18,526
Capital Projects	140,000	140,000	-
Total	\$ 1,306,207	\$ 1,273,195	\$ 33,012

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 195,038	\$ 152,623	\$ (42,415)
Special Revenue	1,035,746	1,048,326	12,580
Total	\$ 1,230,784	\$ 1,200,949	\$ (29,835)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 190,456	\$ 151,419	\$ 39,037
Special Revenue	1,074,486	1,032,385	42,101
Total	\$ 1,264,942	\$ 1,183,804	\$ 81,138

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following Special Revenue Funds: Gasoline Tax Fund (\$62,255) and Fire Fund (\$5,997) for the year ended December 31, 2014.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

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, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Vehicle Loan	\$ 30,142	4%
Ambulance Lease	140,000	2.98%
Total	<u>\$ 170,142</u>	

The Township procured a loan to finance a new maintenance truck in 2012.

The Township procured a lease to finance a new ambulance in 2014.

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

Year ending December 31:	<u>Vehicle Loan</u>	<u>Ambulance Lease</u>
2015	\$ 15,600	\$ 25,545
2016	15,997	25,545
2017	-	25,545
2018	-	25,545
2019	-	25,545
2020-2024	-	25,545
Total	<u>\$ 31,597</u>	<u>\$ 153,269</u>

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)**

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters 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. For 2014 and 2013, OP&F participants contributed 10% of their wages. For 2014 and 2013, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

8. CONTINGENT LIABILITIES

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

9. PRIOR PERIOD ADJUSTMENT

The Township restated its January 1, 2013 beginning balance to properly classify its Zoning Special Revenue Fund into the General Fund. The effect on governmental funds at December 31, 2012 was as follows:

	General	Special Revenue
Ending Fund Balance December 31, 2012	\$ 248,417	\$ 495,941
Correction of prior year error	(89)	-
Restatement - Reclassify Zoning Fund	8,090	(8,090)
Fund Balances December 31, 2012, Restated	<u>\$ 256,418</u>	<u>\$ 487,851</u>

10. INTERFUND ADVANCES

In 2015, the Fire Fund repaid \$13,600 of an advance from the General Fund for construction of a firehouse. The amount remaining to be repaid is \$54,400.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

June 10, 2016

Wayne Township
Clermont County
6320 State Route 133
Goshen, Ohio 45122

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Wayne Township**, Clermont County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 10, 2016, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying schedule of audit findings to be a significant deficiency.



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



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 no instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-002 and 2014-003.

Entity's Response to Findings

The Entity's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Entity'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 communication is not suitable for any other purpose.



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

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness

Posting Receipts and Disbursements and Fund Classifications

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and disbursements and fund balances were not always posted correctly. The following posting errors were noted:

- The Township posted State rollback receipts as Property and Other Local Taxes receipts instead of Intergovernmental receipts;
- The Township posted cable franchise fees as Miscellaneous receipts instead of Licenses, Permits and Fees receipts in the General Fund;
- Truck loan payments were recorded as Capital Outlay instead of Principal and Interest;
- The Township posted tax proceeds in the General fund instead of properly posting them in the Fire Fund;
- The Township did not post prior audit adjustments to the financial statements;
- The Township posted sale of capital assets as Miscellaneous receipts instead of Sale of Capital Assets;
- The Township grouped the Zoning Fund with the Special Revenue Funds instead of with the General Fund.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments and the Township has posted the adjustments to their accounting system. Additional errors noted in immaterial amounts, both individually and in the aggregate by fund type, were included on the summary of unadjusted differences.

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

We also recommend the Fiscal Officer refer to the Ohio Administrative Code and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2015-004 for guidance on fund classifications.

Management's Response – Wayne Township is aware of the findings and will take appropriate actions.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002

Significant Deficiency/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.

In addition, the Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Township Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system. This resulted in incorrect amounts posted to the accounting system and information available to the Township Trustees to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Note 3 has been adjusted to reflect these amounts. We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

We recommend Township Trustees review the requirements of Ohio Rev. Code Section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure that ensures budgetary forms are submitted to the County accurately and timely.

Management's Response – Wayne Township is aware of the findings and will take appropriate actions.

WAYNE TOWNSHIP
CLERMONT COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-003

Noncompliance

Ohio Revised Code Section 505.601 (reimbursement when a township does not offer health insurance to its officers/employees) covers reimbursements made to township officers/employees for dependent health care coverage. Reimbursement is only for the part of the out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits that the board could have provided under Ohio Revised Code Section 505.60(A), and that the reimbursement covers immediate dependents in addition to the officer or employee. During our audit, we noted that premiums were reimbursed to the Fiscal Officer and Trustee each quarter. However, the reimbursements were not included on the Fiscal Officers W-2 for the first quarter of 2014 causing her taxable income to be understated by \$2,936.53. Reimbursements in the fourth quarter were not included in one of the Trustees taxable income resulting in it being understated by \$222.86.

During 2014 and 2013, the Township reimbursed the Fiscal Officer and Trustees for out-of-pocket health insurance premiums paid. The Township also reimbursed the Fiscal Officer for out-of-pocket medical related expenses (doctors' visits and surgery), which is not an allowable reimbursement under Ohio Rev. Code Section 505.601.

We recommend the Township only reimburse for allowable out-of-pocket healthcare expenses under Ohio Rev. Code Section 505.601.

Officials' Response – Wayne Township is aware of the findings and will take appropriate actions.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Admin. Code Section 117-2-02 (A)	No	Not Corrected, Repeated as Finding 2014-001
2012-002	Ohio Rev. Code, Section 5705.41(B)	No	Not Corrected, Repeated as Finding 2014-002
2012-003	Ohio Admin. Code Section 117-2-02 (C) (D)	No	Not Corrected, Repeated as Finding 2014-002
2012-004	Ohio Rev. Code, Section 505.262	Yes	Corrected
2012-005	Ohio Rev. Code, Section 5705.41(D)	No	Not Corrected, Repeated as Finding 2014-002

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Dave Yost • Auditor of State

WAYNE TOWNSHIP

CLERMONT 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
SEPTEMBER 22, 2016