



Dave Yost • Auditor of State

WAYNE TOWNSHIP
JEFFERSON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wayne Township
Jefferson County
118 Mull Dr.
Bloomington, Ohio 43910

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, Jefferson County, (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 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.

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 Government as of December 31, 2015 and 2014, 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, Jefferson as of December 31, 2015 and 2014, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 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.



Dave Yost
Auditor of State
Columbus, Ohio

August 5, 2016

**WAYNE TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$46,320	\$285,866		\$332,186
Licenses, Permits and Fees	10,105	2,826		12,931
Intergovernmental	44,443	126,499		170,942
Earnings on Investments			1	1
Miscellaneous	25,000	4,369		29,369
<i>Total Cash Receipts</i>	<u>125,868</u>	<u>419,560</u>	<u>1</u>	<u>545,429</u>
Cash Disbursements				
Current:				
General Government	97,081			97,081
Public Safety	7,497	177,441		184,938
Public Works	1,883	200,325		202,208
Health	24,842	2,281		27,123
Human Services	348			348
Capital Outlay		68,763		68,763
Debt Service:				
Principal Retirement		4,339		4,339
Interest and Fiscal Charges		2,197		2,197
<i>Total Cash Disbursements</i>	<u>131,651</u>	<u>455,346</u>	<u>0</u>	<u>586,997</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,783)</u>	<u>(35,786)</u>	<u>1</u>	<u>(41,568)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	0	52,996	0	52,996
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>52,996</u>	<u>0</u>	<u>52,996</u>
<i>Net Change in Fund Cash Balances</i>	(5,783)	17,210	1	11,428
<i>Fund Cash Balances, January 1</i>	<u>21,113</u>	<u>124,404</u>	<u>682</u>	<u>146,199</u>
Fund Cash Balances, December 31				
Nonspendable			500	500
Restricted		141,614	183	141,797
Unassigned (Deficit)	15,330			15,330
<i>Fund Cash Balances, December 31</i>	<u>\$15,330</u>	<u>\$141,614</u>	<u>\$683</u>	<u>\$157,627</u>

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

**WAYNE TOWNSHIP
JEFFERSON 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	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$44,654	\$266,634			\$311,288
Licenses, Permits and Fees	10,961	3,550			14,511
Intergovernmental	33,038	131,799	\$45,600		210,437
Miscellaneous	1,751	2,748			4,499
<i>Total Cash Receipts</i>	<u>90,404</u>	<u>404,731</u>	<u>45,600</u>	<u>0</u>	<u>540,735</u>
Cash Disbursements					
Current:					
General Government	69,930				69,930
Public Safety	7,953	219,734			227,687
Public Works	2,648	207,778			210,426
Health	12,775	12,165			24,940
Conservation-Recreation	3,260				3,260
Capital Outlay	0	7,000	45,600		52,600
<i>Total Cash Disbursements</i>	<u>96,566</u>	<u>446,677</u>	<u>45,600</u>	<u>0</u>	<u>588,843</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,162)</u>	<u>(41,946)</u>	<u>0</u>	<u>0</u>	<u>(48,108)</u>
<i>Net Change in Fund Cash Balances</i>	(6,162)	(41,946)	0	0	(48,108)
<i>Fund Cash Balances, January 1</i>	<u>27,275</u>	<u>166,350</u>	<u>0</u>	<u>682</u>	<u>194,307</u>
Fund Cash Balances, December 31					
Nonspendable				500	500
Restricted		124,404		182	124,586
Unassigned (Deficit)	<u>21,113</u>				<u>21,113</u>
<i>Fund Cash Balances, December 31</i>	<u>\$21,113</u>	<u>\$124,404</u>	<u>\$0</u>	<u>\$682</u>	<u>\$146,199</u>

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

**WAYNE TOWNSHIP
JEFFERSON 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 Wayne Township, Jefferson 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, general government services, fire protection and emergency medical services. The Township contracts with Unionport and Belvedere Volunteer Fire Departments to provide fire services and Belvedere Emergency Medical Services, to provide ambulance services.

The Township participates in a public entity risk pool and is associated with a related organization. Note 7 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pool:
Ohio Township Association Risk Management Authority (OTARMA)
OTARMA provides property and casualty coverage for its 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 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.

The Township values Certificates of Deposit 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 and reported in another fund.

**WAYNE TOWNSHIP
JEFFERSON 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.

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

Wayne EMS Fund – This fund receive tax monies to pay for Emergency Medical Services contract.

3. Capital Project Fund

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 fund in 2014:

Community Development Block Grant (CDBG) - The Township received grant money through Jefferson County Engineer for Township Road 197 project for paving.

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 receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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 or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**WAYNE TOWNSHIP
JEFFERSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

**WAYNE TOWNSHIP
JEFFERSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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	\$157,127	\$145,699
Certificates of deposit	500	500
Total deposits	157,627	146,199

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,974	\$125,868	\$1,894
Special Revenue	407,149	472,556	65,407
Permanent		1	1
Total	\$531,123	\$598,425	\$67,302

**WAYNE TOWNSHIP
JEFFERSON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$145,087	\$131,651	\$13,436
Special Revenue	531,553	455,346	76,207
Permanent	182	0	182
Total	\$676,822	\$586,997	\$89,825

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,404	\$90,404	\$0
Special Revenue	398,709	404,731	6,022
Capital Projects	45,600	45,600	0
Total	\$534,713	\$540,735	\$6,022

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$117,679	\$96,566	\$21,113
Special Revenue	565,060	446,677	118,383
Capital Projects	45,600	45,600	0
Total	\$728,339	\$588,843	\$139,496

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
Mack Truck Lease	\$48,656	8.58%
Total	\$48,656	

**WAYNE TOWNSHIP
JEFFERSON COUNTY**

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

5. DEBT (Continued)

The Township entered into a lease to purchase of a 2006 Mack tandem dump truck and plowing equipment for Township road maintenance. The Township's taxing authority collateralized the lease payments.

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

Year ending December 31:	<u>2006 Mack Truck Lease</u>
2016	\$13,072
2017	13,072
2018	13,072
2019	13,072
2020	6,535
Total	<u><u>\$58,823</u></u>

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. 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.

7. 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.

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.

**WAYNE TOWNSHIP
JEFFERSON COUNTY**

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

7. RISK MANAGEMENT (Continued)

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$4,564.

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>2015</u>	<u>2014</u>
\$8,612	\$8,571

**WAYNE TOWNSHIP
JEFFERSON COUNTY**

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

7. 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.

8. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially affect the Township's financial condition.



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

Wayne Township
Jefferson County
118 Mull Dr.
Bloomington, OH 43910

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, Jefferson 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 August 5, 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 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.

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 findings 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 2015-001 described in the accompanying schedule of 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 2015-002 described in the accompanying schedule of findings to be a significant deficiency.

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*.

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.

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
Columbus, Ohio

August 5, 2016

**WAYNE TOWNSHIP
JEFFERSON COUNTY**

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

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

FINDING NUMBER 2015-001

Posting Receipts and Expenditures

Material Weakness

The Fiscal Officer did not correctly code and classify receipts and disbursements in 2014 and 2015, which resulted in an audit reclassifications and adjustments to the financial statements. The Township Fiscal Officer has agreed to and posted to the ledgers the following reclassifications and adjustments. The corrected amounts are reflected in the accompanying financial statements.

2014 Reclassifications:

Fund	Reclassified to	Amount	Description of Error
Road and Bridge	Intergovernmental Revenue	\$15,055	Misclassified as Local Tax
General	Intergovernmental Revenue	7,791	Misclassified as Local Tax
Wayne EMS	Intergovernmental Revenue	11,080	Misclassified as Local Tax

2015 Reclassifications:

Fund	Reclassified to	Amount	Description of Error
Road and Bridge	Intergovernmental Revenue	\$15,293	Misclassified as Local Tax
Road and Bridge	Principal Disbursement	4,339	Posted as Capital outlay
Road and Bridge	Interest Disbursement	1,660	Posted as Capital outlay
Special Road and Bridge	Interest Disbursement	535	Posted as Capital outlay
General	Intergovernmental Revenue	7,895	Misclassified as Local Tax

2015 Adjustment:

Fund	Account	Amount	Description
Gasoline Tax	Intergovernmental Revenue	\$4,879	Incorrectly posted to MVL Fund
Road and Bride	Debt Proceeds	52,996	Debt proceeds never posted
Road and Bridge	Capital Outlay	52,996	To record capital outlay purchase

The Township lacked procedures to properly classify receipts and disbursements. Failure to consistently follow a uniform chart of accounts increase the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help insure that financial activity of the Township is accurately recorded and reported.

FINDING NUMBER 2015-002

Fund Balance Classification

Significant Deficiency

Governmental Accounting Standards Board Statement 54 requires the Township to establish a fund balance policy. The Township failed to adopt a fund balance policy and did not have procedures in place to properly classify fund balances. The Township misclassified the following fund balances:

2014:

Fund	Original Classification	Reclassified to:	Amount
Permanent	Assigned	Restricted	\$182

2015:

Fund	Original Classification	Reclassified to:	Amount
Road and Bridge	Assigned	Restricted	\$ 9,045
Road and Bridge	Committed	Restricted	68,450
Special Road and Bridge	Assigned	Restricted	9,800
Permanent	Committed	Restricted	183

The Township should adopt a fund balance policy and take steps to ensure fund balances are properly classified. The policy should define whether the Township considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes from which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available.

For unrestricted fund balances, the classification should be based on the government's accounting policies regarding whether it considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

If a government does not establish a policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Officials Response: No responses were received from officials.



Dave Yost • Auditor of State

WAYNE TOWNSHIP

JEFFERSON 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 20, 2016