

**WAYNE TOWNSHIP  
CLINTON COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014**







# Dave Yost • Auditor of State

Board of Trustees  
Wayne Township  
6350 State Route 729 South  
Sabina, Ohio 45169

We have reviewed the *Independent Auditor's Report* of Wayne Township, Clinton County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. 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

August 22, 2016

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**WAYNE TOWNSHIP  
CLINTON COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2015 & 2014**

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***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

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INDEPENDENT AUDITOR'S REPORT

Wayne Township  
Clinton County  
6350 State Route 729 South  
Sabina, Ohio 45169

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, Clinton County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no 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, 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, 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, Clinton County, 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 May 31, 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.



***Charles E. Harris & Associates, Inc.***

May 31, 2016



**WAYNE TOWNSHIP  
CLINTON COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
All Governmental Fund Types  
For the Year Ended December 31, 2015**

	<u>Governmental Fund Types</u>			<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Receipts:</b>				
Property Taxes	\$ 38,251	\$ 47,867	\$ -	\$ 86,118
Intergovernmental	25,013	99,477	-	124,490
Licenses, Permits and Fees	-	4,658	-	4,658
Interest	315	-	-	315
Other	570	3,340	-	3,910
<b>Total Receipts</b>	<u>64,149</u>	<u>155,342</u>	<u>-</u>	<u>219,491</u>
<b>Disbursements:</b>				
<b>Current:</b>				
General Government	41,813	-	-	41,813
Public Safety	1,000	-	-	1,000
Public Works	-	124,782	-	124,782
Health	300	10,787	-	11,087
Capital Outlay	-	7,000	-	7,000
<b>Total Disbursements</b>	<u>43,113</u>	<u>142,569</u>	<u>-</u>	<u>185,682</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	<b>21,036</b>	<b>12,773</b>	<b>-</b>	<b>33,809</b>
<b>Other Financing Sources/(Uses):</b>				
Sale of Capital Assets	2,616	2,616	-	5,232
<b>Total Other Financing Sources/(Uses)</b>	<u>2,616</u>	<u>2,616</u>	<u>-</u>	<u>5,232</u>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>23,652</b>	<b>15,389</b>	<b>-</b>	<b>39,041</b>
<b>Fund Cash Balance, January 1, 2015</b>	<u>44,370</u>	<u>201,034</u>	<u>481</u>	<u>245,885</u>
<b>Fund Cash Balance:</b>				
Restricted	-	216,423	481	216,904
Unassigned	68,022	-	-	68,022
<b>Fund Cash Balance, December 31, 2015</b>	<u>\$ 68,022</u>	<u>\$ 216,423</u>	<u>\$ 481</u>	<u>\$ 284,926</u>

See Accompanying Notes to the Financial Statements.

**WAYNE TOWNSHIP  
CLINTON COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
All Governmental Fund Types  
For the Year Ended December 31, 2014**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property Taxes	\$ 14,987	\$ 37,504	\$ -	\$ 52,491
Intergovernmental	84,416	98,905	-	183,321
Licenses, Permits and Fees	300	2,450	-	2,750
Interest	71	-	-	71
Other	1,267	3,640	-	4,907
<b>Total Receipts</b>	<u>101,041</u>	<u>142,499</u>	<u>-</u>	<u>243,540</u>
<b>Disbursements:</b>				
<b>Current:</b>				
General Government	37,800	-	-	37,800
Public Works	-	114,420	-	114,420
Health	300	6,731	-	7,031
Capital Outlay	-	4,697	-	4,697
<b>Total Disbursements</b>	<u>38,100</u>	<u>125,848</u>	<u>-</u>	<u>163,948</u>
<b>Excess of Receipts Over/(Under)</b>				
Disbursements	62,941	16,651	-	79,592
<b>Fund Cash Balance, January 1, 2014</b>	<u>(18,571)</u>	<u>184,383</u>	<u>481</u>	<u>166,293</u>
<b>Fund Cash Balance:</b>				
Restricted	-	201,034	481	201,515
Assigned	221	-	-	221
Unassigned	44,149	-	-	44,149
<b>Fund Cash Balance, December 31, 2014</b>	<u>\$ 44,370</u>	<u>\$ 201,034</u>	<u>\$ 481</u>	<u>\$ 245,885</u>

See Accompanying Notes to the Financial Statements.

**WAYNE TOWNSHIP  
CLINTON 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 Wayne Township, Clinton 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 and cemetery maintenance.

The Township participates in a jointly governed organizations and a public entity risk pool. Notes 6 and 7 to the financial statements provides additional information for these entities. These organizations are:

**Jointly Governed Organization:** The SRWW#2 Joint Fire District, is a jointly governed organization, which provides fire protection and rescue services to the Village of Sabina, Richland Township, Wayne Township, and Wilson Township. Each of the four political subdivisions appoints one member of the four member board of trustees. The Board owns and operates assets in its own name. The Board has authority to levy taxes and approve its own budget. Funding for operations comes from the participants in the District, charges for services and a tax levy.

**Public Entity Risk Pool:** The Township participates in the OTARMA public entity risk pool which is available to Ohio townships. 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 funds are deposited in a NOW checking account, Money Builder Savings Account and Money Market Mutual Funds. All investments are valued at cost.

**WAYNE TOWNSHIP  
CLINTON COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**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 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.

Cemetery Levy Fund - This fund receives proceeds from a tax levy for providing cemetery maintenance.

**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 no active capital project funds.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary disbursements (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.

**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.

WAYNE TOWNSHIP  
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(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 carried forward 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  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(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 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	\$284,926	\$245,885
Total deposits	\$284,926	\$245,885

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

**3. BUDGETARY ACTIVITY**

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,100	\$66,765	\$33,665
Special Revenue	133,000	157,958	24,958
Total	\$166,100	\$224,723	\$58,623

**WAYNE TOWNSHIP  
CLINTON COUNTY**

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

**3. BUDGETARY ACTIVITY – (Continued)**

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$47,477	\$43,113	\$4,364
Special Revenue	170,624	142,569	28,055
Total	\$218,101	\$185,682	\$32,419

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,817	\$101,041	\$1,224
Special Revenue	207,598	142,499	(65,099)
Total	\$307,415	\$243,540	(\$63,875)

2014 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$43,604	\$38,321	\$5,283
Special Revenue	151,099	126,110	24,989
Total	\$194,703	\$164,431	\$30,272

**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.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**WAYNE TOWNSHIP  
CLINTON COUNTY**

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

**5. RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plan's 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%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

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), 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

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, 2015, 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:



**WAYNE TOWNSHIP  
CLINTON COUNTY**

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

**6. RISK MANAGEMENT – (Continued)**

**Risk Pool Membership – (continued)**

	<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 \$2,000.

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>2015</u>	<u>2015</u>
\$4,200	\$3,778

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.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

All employees of the Township are covered by a blanket bond, while certain individuals in policy making roles are covered by a separate, higher limit bond coverage.

**WAYNE TOWNSHIP  
CLINTON COUNTY**

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

**7. JOINTLY GOVERNED ORGANIZATIONS**

The SRWW #2 Joint Fire District is a jointly governed organization which provides fire protection and rescue services to the Village of Sabina, Richland Township, Wayne Township, and Wilson Township. Each of the four political subdivisions appoints one member of the four member Board of Trustees. The Board owns and operates assets in its own name. The Board has the authority to levy taxes and approve its own budget. Funding for operations comes from the participants in the District, charges for services, and a tax levy.

**8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Wayne Township  
Clinton County  
6350 State Route 729 South  
Sabina, Ohio 45169

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, Clinton 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 May 31, 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 Controls Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

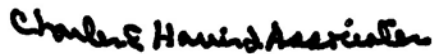
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 described in the accompanying schedule of findings to be a material weakness.

***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.



***Charles E. Harris & Associates, Inc.***  
May 31, 2016

**WAYNE TOWNSHIP  
CLINTON COUNTY, OHIO  
SCHEDULE OF FINDINGS  
For the Years Ended December 31, 2015 and 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2015-001-Material Weakness**

Although the Township utilizes the UAN system provided by the Auditor of State to record transactions and prepare cash basis financial statements, the Township does not have a process to review the output for errors. Accordingly, the financial statements contained the following misstatements during 2014 and 2015:

- Receipts from the State of Ohio for Rollback taxes in the amount of \$8,434 in 2014 and \$10,967 in 2015 were recorded as property taxes rather than intergovernmental receipts.
- A receipt in 2014 from the Clinton County Auditor for Permissive taxes to reimburse the Township for a road project in the amount of \$9,786 was improperly recorded in the general fund rather than the gas tax fund and road and bridge fund which paid for the project.
- The sale of a Township vehicle in 2015 in the amount of \$5,232 was recorded as a miscellaneous receipt rather than as an Other Financing Source-Sale of Capital Assets.

The financial statements and the Township's records have been adjusted to properly reflect these transactions.

We recommend that the expenditures be recorded in accordance with the classifications found in the *Ohio Township Handbook* and that the Township implement additional internal control procedures to ensure the accuracy and completeness of transactions and the annual financial reports. The internal control procedures can include additional review of financial statements, revenue ledgers, and expenditures ledgers by an outside party and/or using analytical reviews for comparison of current year to prior year numbers.

Management's Response:

We did not receive a response from management to this finding.

WAYNE TOWNSHIP  
 CLINTON COUNTY, OHIO  
 For the Years Ended December 31, 2015 and 2014

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2013--001	Recording errors/Financial Statements Misstated	No	Repeated as 2015- 001
2013-002	Trustee salaries and fringes not allocated properly	Yes	
2013-003	Negative general fund balance	Yes	



# Dave Yost • Auditor of State

**WAYNE TOWNSHIP**

**CLINTON 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 1, 2016**