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PERRY & Associates

Certified Public Accountants, A.C.

WAYNE TOWNSHIP CLERMONT COUNTY Regular Audit

For the Years Ended December 31, 2016 and 2015

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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, 2015 through December 31, 2016. 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

September 25, 2017

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Wayne Township
Clermont County

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|--|-------------|
| Independent Auditor's Report | 1 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016 | 3 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015 | 4 |
| Notes to the Financial Statements | 5 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 11 |
| Schedule of Audit Findings | 13 |
| Schedule of Prior Audit Findings | 15 |

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INDEPENDENT AUDITOR'S REPORT

June 30, 2017

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, 2016 and 2015.

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 2 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, 2016 and 2015, 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, 2016 and 2015, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, 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 (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | General | Special Revenue | Totals (Memorandum Only) |
|--|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 66,379 | \$ 522,415 | \$ 588,794 |
| Charges for Services | - | 210,282 | 210,282 |
| Licenses, Permits and Fees | 38,369 | 27,215 | 65,584 |
| Fines and Forfeitures | 3,714 | 1,865 | 5,579 |
| Intergovernmental | 54,062 | 184,539 | 238,601 |
| Special Assessments | - | 4,000 | 4,000 |
| Earnings on Investments | 1,784 | - | 1,784 |
| Miscellaneous | 11,639 | 48,505 | 60,144 |
| <i>Total Cash Receipts</i> | <u>175,947</u> | <u>998,821</u> | <u>1,174,768</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 151,745 | 84,245 | 235,990 |
| Public Safety | - | 618,708 | 618,708 |
| Public Works | - | 128,996 | 128,996 |
| Health | - | 21,630 | 21,630 |
| Capital Outlay | 48,637 | 26,325 | 74,962 |
| Debt Service: | | | |
| Principal Retirement | - | 48,896 | 48,896 |
| Interest and Fiscal Charges | - | 5,557 | 5,557 |
| <i>Total Cash Disbursements</i> | <u>200,382</u> | <u>934,357</u> | <u>1,134,739</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(24,435)</u> | <u>64,464</u> | <u>40,029</u> |
| Other Financing Receipts | | | |
| Other Financing Sources | - | 18 | 18 |
| <i>Total Other Financing Receipts</i> | <u>-</u> | <u>18</u> | <u>18</u> |
| <i>Net Change in Fund Cash Balances</i> | (24,435) | 64,482 | 40,047 |
| <i>Fund Cash Balances, January 1</i> | <u>286,707</u> | <u>475,131</u> | <u>761,838</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 539,613 | 539,613 |
| Unassigned | <u>262,272</u> | <u>-</u> | <u>262,272</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 262,272</u> | <u>\$ 539,613</u> | <u>\$ 801,885</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 (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 85,970 | \$ 532,123 | \$ 618,093 |
| Charges for Services | - | 198,563 | 198,563 |
| Licenses, Permits and Fees | 31,874 | 24,498 | 56,372 |
| Fines and Forfeitures | 5,025 | - | 5,025 |
| Intergovernmental | 40,892 | 156,939 | 197,831 |
| Earnings on Investments | 1,066 | - | 1,066 |
| Miscellaneous | 10,154 | 16,815 | 26,969 |
| <i>Total Cash Receipts</i> | <u>174,981</u> | <u>928,938</u> | <u>1,103,919</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 144,486 | 79,098 | 223,584 |
| Public Safety | - | 610,433 | 610,433 |
| Public Works | - | 203,616 | 203,616 |
| Health | 960 | 16,927 | 17,887 |
| Capital Outlay | 33,049 | 37,820 | 70,869 |
| Debt Service: | | | |
| Principal Retirement | - | 49,220 | 49,220 |
| Interest and Fiscal Charges | - | 5,233 | 5,233 |
| <i>Total Cash Disbursements</i> | <u>178,495</u> | <u>1,002,347</u> | <u>1,180,842</u> |
| <i>Excess of Receipts (Under) Disbursements</i> | <u>(3,514)</u> | <u>(73,409)</u> | <u>(76,923)</u> |
| Other Financing Receipts (Disbursements) | | | |
| Advances In | 13,600 | - | 13,600 |
| Advances Out | - | (13,600) | (13,600) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>13,600</u> | <u>(13,600)</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balances</i> | 10,086 | (87,009) | (76,923) |
| <i>Fund Cash Balances, January 1</i> | <u>276,621</u> | <u>562,140</u> | <u>838,761</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 475,131 | 475,131 |
| Unassigned | 286,707 | - | 286,707 |
| <i>Fund Cash Balances, December 31</i> | <u>\$286,707</u> | <u>\$ 475,131</u> | <u>\$ 761,838</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, 2016 and 2015

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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.

Basis of Accounting

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.

Budgetary Process

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

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. Unencumbered appropriations lapse at year-end.

Wayne Township
Clermont County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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.

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 2016 and 2015 budgetary activity appears in Note 4.

Deposits

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

Capital Assets

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

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:

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

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.

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.

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.

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
Clermont County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Fire, and Fire Loss Escrow funds by \$22,439, \$7,143, and \$4,000 for the year ended December 31, 2016. Also Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund in 2015 by \$28,887.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2016 and 2015 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 175,560 | \$ 175,947 | \$ 387 |
| Special Revenue | 990,745 | 998,839 | 8,094 |
| Total | \$ 1,166,305 | \$ 1,174,786 | \$ 8,481 |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 182,601 | \$ 200,382 | \$ (17,781) |
| Special Revenue | 967,878 | 936,560 | 31,318 |
| Total | \$ 1,150,479 | \$ 1,136,942 | \$ 13,537 |

| 2015 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 183,054 | \$ 174,981 | \$ (8,073) |
| Special Revenue | 989,256 | 928,938 | (60,318) |
| Total | \$ 1,172,310 | \$ 1,103,919 | \$ (68,391) |

| 2015 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 486,562 | \$ 178,495 | \$ 308,067 |
| Special Revenue | 1,524,041 | 1,002,347 | 521,694 |
| Total | \$ 2,010,603 | \$ 1,180,842 | \$ 829,761 |

Wayne Township
Clermont County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 5 – Deposits

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

| | 2016 | 2015 |
|--------------------------------|------------|------------|
| Demand deposits | \$ 801,885 | \$ 761,838 |
| Total deposits and investments | \$ 801,885 | \$ 761,838 |

Deposits

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

Note 6 – Property Taxes

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.

Note 7 - 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 \$40,800.

Note 8 - Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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. 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, 2016.

Wayne Township
Clermont County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 9 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. 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. OP&F participants contributed 11.5% of their wages from January 1, 2015 to June 30, 2015 and 12.25% from July 1, 2015 to December 31, 2016. The Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2016.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 11 – Debt

Debt outstanding at December 31, 2016 was as follows:

| | Principal | Interest Rate |
|---------------------|------------|---------------|
| Ambulance Loan | 94,699 | 2.98% |
| Kubota Tractor Loan | 36,527 | 2.98% |
| Total | \$ 131,226 | |

The Township procured a loan to finance a new maintenance truck in 2012. This loan was paid off in 2016.

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

The Township procured a loan to finance a new Kubota Tractor in 2014. This loan in the amount of \$59,200, was not included in the prior audit. Debt payments started in 2015.

Amortization

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

| Year ending December 31: | Ambulance Loan | Kubota Tractor Loan |
|--------------------------|----------------|---------------------|
| 2017 | \$ 25,545 | \$ 12,908 |
| 2018 | 25,545 | 12,908 |
| 2019 | 25,545 | 12,908 |
| 2020 | 25,545 | - |
| Total | \$ 102,180 | \$ 38,724 |

Wayne Township
Clermont County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 12 – Contingent Liabilities

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



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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**

June 30, 2017

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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 30, 2017, 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 2016-001 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 2016-002 described in the accompanying schedule of audit findings to be a significant deficiency.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2016-002.

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, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

Posting Receipts and Disbursements and Fund Classifications

The Township should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund types should be properly classified based on Governmental Accounting Standards Statement No. 54.

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;
- Debt payments were recorded as Capital Outlay instead of Principal and Interest;
- 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.
- An Advance was posted as a Transfer instead of Advance.
- Fiscal Officer did not follow payroll certificates which resulted in an adjustment from the General fund to the Fire 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 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 2011-004 for guidance on fund classifications.

Management's Response – Officials did not provide a response to this finding.

Wayne Township
Clermont County

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-002

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 5705.39 stating no subdivision is to have appropriations exceed estimated receipts.

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 – Officials did not provide a response to this finding.

Wayne Township
Clermont County

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2014-001 | Posting Receipts and Disbursements and Fund Classifications | No | Not Corrected, Repeated as Finding 2016-001 |
| 2014-002 | Budgetary Controls | No | Not Corrected, Repeated as Finding 2016-002 |
| 2014-003 | Ohio Rev. Code, Section 505.601 | Yes | Corrected |

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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
OCTOBER 5, 2017