



**WELLER TOWNSHIP
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

**WELLER TOWNSHIP
RICHLAND COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Weller Township
Richland County
4675 McNaul Road
Mansfield, Ohio 44903

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 Weller Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2018 and 2017.

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 such 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 (2017) and Note 2 (2018) 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, 2018 and 2017, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Weller Township, Richland County, Ohio, as of December 31, 2018 and 2017, 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 (2017) and Note 2 (2018).

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

July 29, 2019

Weller Township
Richland County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 29,577	\$ 233,769	\$ -	\$ -	\$ 263,346
Licenses, Permits and Fees	980	-	-	-	980
Intergovernmental	26,156	135,716	53,437	-	215,309
Earnings on Investments	2,233	2,060	-	102	4,395
Miscellaneous	1,444	-	-	-	1,444
<i>Total Cash Receipts</i>	<u>60,390</u>	<u>371,545</u>	<u>53,437</u>	<u>102</u>	<u>485,474</u>
Cash Disbursements					
Current:					
General Government	62,644	3,380	-	-	66,024
Public Safety	-	93,813	-	-	93,813
Public Works	-	403,176	53,437	-	456,613
Health	1,643	-	-	-	1,643
Debt Service:					
Principal Retirement	-	23,413	-	-	23,413
Interest and Fiscal Charges	-	808	-	-	808
<i>Total Cash Disbursements</i>	<u>64,287</u>	<u>524,590</u>	<u>53,437</u>	<u>-</u>	<u>642,314</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,897)</u>	<u>(153,045)</u>	<u>-</u>	<u>102</u>	<u>(156,840)</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	905	27,106	-	-	28,011
<i>Total Other Financing Receipts (Disbursements)</i>	<u>905</u>	<u>27,106</u>	<u>-</u>	<u>-</u>	<u>28,011</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,992)</u>	<u>(125,939)</u>	<u>-</u>	<u>102</u>	<u>(128,829)</u>
<i>Fund Cash Balances, January 1</i>	<u>83,043</u>	<u>535,509</u>	<u>-</u>	<u>10,327</u>	<u>628,879</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	10,000	10,000
Restricted	-	386,619	-	429	387,048
Committed	-	22,951	-	-	22,951
Assigned	80,051	-	-	-	80,051
<i>Fund Cash Balances, December 31</i>	<u>\$ 80,051</u>	<u>\$ 409,570</u>	<u>\$ -</u>	<u>\$ 10,429</u>	<u>\$ 500,050</u>

See accompanying notes to the basic financial statements

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WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Weller Township, Richland 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 contracts with Franklin Township to provide fire protection and emergency medical services.

The Township participates in Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. OPRM provides property and casualty coverage for its members. Note 6 to the financial statement provides additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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 Funds:

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

Permissive Sales Tax Fund This fund receives permissive sales tax money to pay for constructing, maintaining and repairing Township roads.

Permanent Fund This fund accounts for and reports 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:

Wolford Trust Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are to be used for the general maintenance and repairs at a closed cemetery within the Township.

Capital Improvement Fund This fund is used to account for financial resources received for the acquisition or construction of major capital facilities.

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

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.

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.

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 classified assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 used 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.

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 purposed for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipt	Variance
General	\$42,067	\$61,295	\$19,228
Special Revenue	363,830	398,651	34,821
Capital Projects	53,436	53,437	1
Permanent	0	102	102
Total	\$459,333	\$513,485	\$54,152

2018 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$125,109	\$64,287	\$60,822
Special Revenue	849,140	524,590	324,550
Capital Projects	53,437	53,437	0
Permanent	0	0	0
Total	\$1,027,685	\$642,314	\$385,371

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2018
(Continued)

Note 4 - 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, 2018 was as follows:

Demand Deposits	\$231,498
Certificate of Deposit	10,284
Savings Account	285,268
Total Deposits	\$500,050

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

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2018
(Continued)

Note 6 – Risk Management (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (most recent information available).

Assets	\$14,853,620
Liabilities	(9,561,108)
Members’ Equity	\$5,292,512

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All 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, 2018

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 8 – Debt

In 2018, the Township purchased a Case backhoe through a government lease. The principal of \$72,094 will be paid in 4 annual installments of \$19,749, including interest of 9.5%.

Debt outstanding as of December 31, 2018:

Principal	\$72,094
Interest	\$6,902

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2018
(Continued)

Note 8 – Debt (Continued)

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

Year Ending December 31:	Backhoe Lease
2019	\$19,749
2020	19,749
2021	19,749
2022	19,749
Total	<u><u>\$78,996</u></u>

Weller Township
Richland County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 31,721	\$ 245,617	\$ -	\$ -	\$ 277,338
Licenses, Permits and Fees	788	-	-	-	788
Intergovernmental	25,622	127,944	15,919	-	169,485
Earnings on Investments	1,176	1,085	-	92	2,353
Miscellaneous	2,152	152,803	-	-	154,955
<i>Total Cash Receipts</i>	<u>61,459</u>	<u>527,449</u>	<u>15,919</u>	<u>92</u>	<u>604,919</u>
Cash Disbursements					
Current:					
General Government	62,602	2,982	-	-	65,584
Public Safety	-	54,517	-	-	54,517
Public Works	-	231,333	15,919	-	247,252
Health	1,960	-	-	-	1,960
Capital Outlay	-	7,200	-	-	7,200
Debt Service:					
Principal Retirement	-	22,632	-	-	22,632
Interest and Fiscal Charges	-	1,589	-	-	1,589
<i>Total Cash Disbursements</i>	<u>64,562</u>	<u>320,253</u>	<u>15,919</u>	<u>-</u>	<u>400,734</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,103)</u>	<u>207,196</u>	<u>-</u>	<u>92</u>	<u>204,185</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	290	-	-	-	290
<i>Total Other Financing Receipts (Disbursements)</i>	<u>290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,813)</u>	<u>207,196</u>	<u>-</u>	<u>92</u>	<u>204,475</u>
<i>Fund Cash Balances, January 1</i>	<u>85,856</u>	<u>328,313</u>	<u>-</u>	<u>10,235</u>	<u>424,404</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	10,000	10,000
Restricted	-	468,713	-	327	469,040
Committed	-	66,796	-	-	66,796
Assigned	83,043	-	-	-	83,043
<i>Fund Cash Balances, December 31</i>	<u>\$ 83,043</u>	<u>\$ 535,509</u>	<u>\$ -</u>	<u>\$ 10,327</u>	<u>\$ 628,879</u>

See accompanying notes to the basic financial statements

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WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2017

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 Weller Township, Richland 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 contracts with Franklin Township to provide fire protection and emergency medical services.

The Township participates in Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. OPRM provides property and casualty coverage for its members. Note 7 to the financial statements provides additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits

The Township maintains a checking account, an interest bearing savings account, and a certificate of deposit.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classified its funds into the following types:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund.

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.

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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

Permissive Sales Tax Fund This fund receives permissive sales tax money to pay for constructing, maintaining and repairing Township roads.

Permanent Fund This fund accounts for and reports 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:

Wolford Trust Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are to be used for the general maintenance and repairs at a closed cemetery within the Township.

Capital Improvement Fund This fund is used to account for financial resources received for the acquisition or construction of major capital facilities.

E. 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. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended use established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. 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.

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.

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2017
(Continued)

2. Equity in Pooled 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, 2017 was as follows:

Demand Deposits	\$364,722
Certificate of Deposit	10,182
Savings Account	253,975
Total Deposits	\$628,879

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 year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipt	Variance
General	\$49,985	\$61,749	\$11,764
Special Revenue	309,854	527,449	217,595
Capital Project	15,919	15,919	0
Permanent	0	92	92
Total	\$375,758	\$605,209	\$229,451

2017 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$135,841	\$64,562	\$71,279
Special Revenue	631,095	320,253	310,842
Capital Project	15,919	15,919	0
Permanent	0	0	0
Total	\$782,855	\$400,734	\$382,121

4. 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.

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.

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2017
(Continued)

5. Debt

In 2014, the Township issued \$111,350 in equipment bonds to purchase a new dump truck and related equipment. The bonds will be paid off in annual installments of \$24,221, including interest at 3.45%. The final payment is due November 1, 2018.

Principal	\$23,413
Interest	808
Total	\$24,221

6. Retirement Systems

All 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. For 2017, 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, 2017.

OPERS offers 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2017.

7. Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty.

WELLER TOWNSHIP
Richland County
Notes to the Financial Statements
December 31, 2017
(Continued)

7. Risk Management (Continued)

Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	(9,561,108)
Members' Equity	\$5,292,512

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. Capital Improvement Project

In 2017 Weller Township received an emergency grant in the amount of \$90,000 from Ohio Public Works Commission (OPWC), on an 80-20 basis. OPWC share was \$72,000 and the Township share was \$18,000. RIC-T.R. 429-0.46 McMillen Road Project (CU24T) was completed under budget at \$86.695. Engineering costs only were disbursed in 2017, totaling \$19,899. Construction costs are to be disbursed in 2018.

9. Subsequent Event

In May 2018, the Township purchased a Case backhoe through a government lease. The principal of \$72,094 will be paid in 4 annual installments of \$19,749, including interest of 9.5%.



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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**

Weller Township
Richland County
4675 McNaul Road
Mansfield, Ohio 44903

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 Weller Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 29, 2019, 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.

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 first paragraph of this section and was not designed to identify all internal control deficiencies 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 2018-001 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

July 29, 2019

WELLER TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township did not have sufficient controls in place to ensure proper financial statement presentation. As a result, the following reclassifications were deemed material and required posting to the Township's December 31, 2018 and 2017 financial statements.

- Reclassification of \$23,413 in 2018 Special Revenue debt principal and \$808 in interest payments which were improperly recorded as capital outlay.
- Reclassification of \$429 representing interest earnings in the 2018 Permanent Fund from nonspendable to restricted fund balance.
- Reclassification of \$83,043 in 2017 General Fund balance from unassigned to assigned.
- Reclassification of \$66,796 representing inside millage in the 2017 Road and Bridge special revenue fund from restricted to committed fund balance.
- Reclassification of \$22,632 in 2017 Special Revenue debt principal and \$1,589 in interest payments which were improperly recorded as public works and capital outlay, respectively.
- Reclassification of \$152,803 in 2017 Special Revenue miscellaneous receipts which were improperly recorded as other financing sources.
- Reclassification of \$10,000 representing the original corpus of a trust in the 2017 Permanent Fund from restricted to nonspendable fund balance.

The Township has recorded these reclassifications to the financial statements. By not ensuring proper financial statement presentation, the Township cannot report accurate financial activity to its constituents.

We recommend the Township implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. Such procedures may include additional reviews of the financial statements and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Officials' Response:

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

**WELLER TOWNSHIP
RICHLAND COUNTY**

4675 McNaul Road
Mansfield, Ohio 44903

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 and 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001 2015-001	Material Weakness – Financial Reporting (first issued in 2014)	Not Corrected	Finding is being repeated in current audit as finding 2018-001.
2016-002	Material Noncompliance/Material Weakness – Revenue Posting	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



WELLER TOWNSHIP

RICHLAND 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
AUGUST 20, 2019**