

WAYNE TOWNSHIP

DAYTON REGION, DARKE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 – 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Wayne Township
P. O. Box 205
Versailles, Ohio 45380

We have reviewed the *Report of Independent Auditors'* of Wayne Township, Darke County prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2004 through December 31, 2005. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 2, 2006

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WAYNE TOWNSHIP
DARKE COUNTY

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**Manning & Associates CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

REPORT OF INDEPENDENT AUDITORS'

Board of Trustees
Wayne Township
Darke County
P.O. Box 205
Versailles, Ohio 45380

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Wayne Township, Darke County, Ohio, (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprised the Township's basic financial statements. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the Township has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Wayne Township, Darke County, Ohio, as of December 31, 2005 and 2004, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Permissive Motor Vehicle Fund, and Fire District Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. See Note 3 Change in basis of accounting and restatement of fund equity.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2006, on our consideration of the Wayne Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report on considering the results of our audit.

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC
Dayton, Ohio

March 30, 2006

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Wayne Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

This discussion and analysis of Wayne Township's, Darke County, financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 and 2004 are as follows:

Net assets of governmental activities decreased \$19,576, or 7.3 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which had a decrease in revenue and an increase in costs.

The Township's general receipts are primarily real estate and property taxes for governmental activities. Tax receipts for 2005 and 2004 changed very little compared to 2003 as development within the Government has slowed.

In 2005, the Township received funds from FEMA, for ice storm damage. Expenses incurred were reimbursed through this grant. The Township in 2004, enrolled into the Ohio Tax Increment Program (TIF) for agricultural. This enables the Township to receive funds for road repairs, as of 2005 no funds have been received.

In 2005 and 2004, the Township sealed and repaired various Township roads. The Township contracts with the lowest and best bidder for these services.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Wayne Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and the statements of activities reflect how the Township did financially during 2005 and 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental activities. Most of the Township's basic services are reported here, including road maintenance, and fire protection. State and federal grants, real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Government as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

**Wayne Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited**

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Fund, Road and Bridge Fund, Fire District and Permissive Motor Vehicle Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a modified cash basis:

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	249,338	268,913
Total Assets	249,338	268,913
Net Assets		
Restricted for:		
Other Purposes	201,833	191,754
Unrestricted	47,505	77,159
Total Net Assets	249,338	268,913

As mentioned previously, net assets of governmental activities decreased \$ 19,576 or 7.3 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- Increase in costs for road projects in 2005, for repair and maintenance of Township roads. This was budgeted by the Township.
- In 2005, a decrease in grant funds received.

**Wayne Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited**

Table 2 reflects the changes in net assets in 2005 and 2004:

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$13,853	\$13,842
Operating Grants and Contributions	88,226	73,555
Capital Grants and Contributions	8,811	0
Total Program Receipts	<u>110,890</u>	<u>87,397</u>
General Receipts:		
Property and Other Local Taxes	121,791	120,748
Grants and Entitlements Not Restricted to Specific Programs	38,383	68,418
Interest	2,113	1,050
Miscellaneous	1,426	10,387
Total General Receipts	<u>163,713</u>	<u>200,603</u>
Total Receipts	<u>274,603</u>	<u>288,000</u>
Disbursements:		
General Government	113,227	101,980
Security of Persons and Property:	610	616
Public Health Services	11,606	11,587
Public Works	156,907	96,916
Capital Outlay	11,828	0
Total Disbursements	<u>294,178</u>	<u>211,099</u>
Increase (Decrease) in Net Assets	(19,575)	76,901
Net Assets, January 1	<u>268,913</u>	<u>192,012</u>
Net Assets, December 31	<u>\$249,338</u>	<u>\$268,913</u>

Program receipts represent only 40 % and 30 % of total receipts for 2005 and 2004, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and fire levy.

**Wayne Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited**

General receipts represent 60 % and 70 % of the Township's total receipts for 2005 and 2004, respectively. Local taxes represent 74 % and 60 % of the general receipts. Grants and entitlements make up the significant balance of the general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the board of trustees and the clerk. Since these costs do not represent direct services to residents, we try to limit these costs. Public Works are the costs of police and fire protection and costs of maintaining public roads; Public Health Services is the health department.

Governmental Activities

If you look at the Statement of Activities on pages 14 and 24, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works, which account for 53% and 46% percent of all governmental disbursements, respectively. General government also represents a significant cost, about 38% and 48%, for 2005 and 2004, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2005	2005	2004	2004
General Government	\$113,227	\$113,227	\$101,980	\$101,980
Security of Persons and Property	610	610	616	616
Public Health Services	11,606	11,606	11,587	11,587
Public Works	156,907	46,017	96,916	9,519
Capital Outlay	11,828	11,828	0	
Total Expenses	\$294,178	\$183,288	\$211,099	\$123,702

The dependence upon property tax receipts is apparent as over 44% and 41% of governmental activities are supported through these general receipts for 2005 and 2004, respectively,.

**Wayne Township, Darke County
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited**

The Government's Funds

Total governmental funds had receipts of \$274,603 and \$ 288,000 for 2005 and 2004, and disbursements of \$ 294,178 and \$ 211,099 for 2005 and 2004, respectively.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005 and 2004, there were no changes in the original budget and the final budget.

Final disbursements for 2005, were budgeted at \$153,339 while actual disbursements were \$103,998. Final disbursements for 2004, were budgeted at \$128,498 while actual disbursements were \$81,286. The Township disbursed 68% and 63% of the budget for 2005 and 2004, respectively. The Township kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Township does not keep track of its capital assets and infrastructure.

Debt

The Township has no debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a balanced budget each of the next several years if there are no decreases in the property taxes and no cuts in the Local Government funds, which are now being received as the Trustees have been very prudent in their planning and spending and have not had any debts in several years.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Teresa Slonkosky, Clerk, Wayne Township, Darke County, P.O. Box 205 Versailles, Ohio 45380.

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Wayne Township, Darke County
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$249,338</u>
<i>Total Assets</i>	<u><u>\$249,338</u></u>
Net Assets	
Restricted for:	
Other Purposes	201,833
Unrestricted	<u>47,505</u>
<i>Total Net Assets</i>	<u><u>\$249,338</u></u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
					Governmental Activities
Governmental Activities					
General Government	\$ 113,227	\$ 0	\$ 0	\$ 0	\$ (113,227)
Public Safety	610	0	0	0	(610)
Public Works	156,907	13,853	88,226	8,811	(46,017)
Health	11,606	0	0	0	(11,606)
Capital Outlay	11,828	0	0	0	(11,828)
<i>Total Governmental Activities</i>	294,178	13,853	88,226	8,811	(183,288)
 General Receipts					
Property Taxes Levied for:					
General Purposes				\$	121,791
Grants and Entitlements not Restricted to Specific Programs					38,383
Interest					2,113
Miscellaneous					1,426
<i>Total General Receipts</i>					163,713
Change in Net Assets					(19,575)
<i>Net Assets Beginning of Year</i>					268,913
<i>Net Assets End of Year</i>				\$	249,338

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Permissive Motor Vehicle License</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$47,505	\$80,796	\$61,727	\$20,972	\$28,898	\$9,440	\$249,338
<i>Total Assets</i>	<u>\$47,505</u>	<u>\$80,796</u>	<u>\$61,727</u>	<u>\$20,972</u>	<u>\$28,898</u>	<u>\$9,440</u>	<u>\$249,338</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	47,505	0	0	0	0	0	47,505
Special Revenue Funds	0	80,796	61,727	20,972	28,898	9,440	201,833
<i>Total Fund Balances</i>	<u>\$47,505</u>	<u>\$80,796</u>	<u>\$61,727</u>	<u>\$20,972</u>	<u>\$28,898</u>	<u>\$9,440</u>	<u>\$249,338</u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax	Road and Bridge	Fire District	Permissive Motor Vehicle License	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$42,635	\$0	\$49,303	\$29,854	\$13,392	\$0	\$135,184
Intergovernmental	29,161	76,764	5,802	3,420	0	20,274	135,421
Special Assessments	0	0	0	0	0	461	461
Interest	1,122	819	0	0	131	40	2,112
Other	1,426	0	0	0	0	0	1,426
<i>Total Receipts</i>	<u>74,344</u>	<u>77,583</u>	<u>55,105</u>	<u>33,274</u>	<u>13,523</u>	<u>20,775</u>	<u>274,604</u>
Disbursements							
Current:							
General Government	80,564	0	0	32,663	0	0	113,227
Public Safety	0	0	0	611	0	0	611
Public Works	0	64,300	67,017	0	6,712	18,878	156,907
Health	11,606	0	0	0	0	0	11,606
Capital Outlay	11,828	0	0	0	0	0	11,828
<i>Total Disbursements</i>	<u>103,998</u>	<u>64,300</u>	<u>67,017</u>	<u>33,274</u>	<u>6,712</u>	<u>18,878</u>	<u>294,179</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,654)</u>	<u>13,283</u>	<u>(11,912)</u>	<u>0</u>	<u>6,811</u>	<u>1,897</u>	<u>(19,575)</u>
<i>Net Change in Fund Balances</i>	<u>(29,654)</u>	<u>13,283</u>	<u>(11,912)</u>	<u>0</u>	<u>6,811</u>	<u>1,897</u>	<u>(19,575)</u>
<i>Fund Balances Beginning of Year</i>	<u>77,159</u>	<u>67,513</u>	<u>73,639</u>	<u>20,972</u>	<u>22,087</u>	<u>7,543</u>	<u>268,913</u>
<i>Fund Balances End of Year</i>	<u><u>\$47,505</u></u>	<u><u>\$80,796</u></u>	<u><u>\$61,727</u></u>	<u><u>\$20,972</u></u>	<u><u>\$28,898</u></u>	<u><u>\$9,440</u></u>	<u><u>\$249,338</u></u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 40,530	\$ 40,530	\$ 42,635	\$ 2,105
Intergovernmental	34,550	34,550	29,161	(5,389)
Interest	600	600	1,122	522
Other	500	500	1,426	926
<i>Total receipts</i>	<u>76,180</u>	<u>76,180</u>	<u>74,344</u>	<u>(1,836)</u>
Disbursements				
Current:				
General Government	96,395	96,395	80,564	15,831
Public Works	11,300	11,300	0	11,300
Health	20,644	20,644	11,606	9,038
Capital Outlay	25,000	25,000	11,828	13,172
<i>Total Disbursements</i>	<u>153,339</u>	<u>153,339</u>	<u>103,998</u>	<u>49,341</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(77,159)</u>	<u>(77,159)</u>	<u>(29,654)</u>	<u>47,505</u>
<i>Net Change in Fund Balance</i>	(77,159)	(77,159)	(29,654)	47,505
<i>Fund Balance Beginning of Year</i>	<u>77,159</u>	<u>77,159</u>	<u>77,159</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,505</u>	<u>\$ 47,505</u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 66,000	\$ 66,000	\$ 76,764	\$ 10,764
Interest	500	500	819	319
<i>Total receipts</i>	<u>66,500</u>	<u>66,500</u>	<u>77,583</u>	<u>11,083</u>
Disbursements				
Current:				
Public Works	114,013	114,013	64,300	49,713
Capital Outlay	20,000	20,000	0	20,000
<i>Total Disbursements</i>	<u>134,013</u>	<u>134,013</u>	<u>64,300</u>	<u>69,713</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(67,513)</u>	<u>(67,513)</u>	<u>13,283</u>	<u>80,796</u>
<i>Net Change in Fund Balance</i>	(67,513)	(67,513)	13,283	80,796
<i>Fund Balance Beginning of Year</i>	<u>67,513</u>	<u>67,513</u>	<u>67,513</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,796</u>	<u>\$ 80,796</u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge
For the Year Ended December 31, 2005

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 48,740	\$ 48,740	\$ 49,303	\$ 563
Intergovernmental	5,070	5,070	5,802	732
<i>Total receipts</i>	<u>53,810</u>	<u>53,810</u>	<u>55,105</u>	<u>1,295</u>
Disbursements				
Current:				
Public Works	<u>127,449</u>	<u>127,449</u>	<u>67,017</u>	<u>60,432</u>
<i>Total Disbursements</i>	<u>127,449</u>	<u>127,449</u>	<u>67,017</u>	<u>60,432</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(73,639)</u>	<u>(73,639)</u>	<u>(11,912)</u>	<u>61,727</u>
<i>Net Change in Fund Balance</i>	(73,639)	(73,639)	(11,912)	61,727
<i>Fund Balance Beginning of Year</i>	<u>73,639</u>	<u>73,639</u>	<u>73,639</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,727</u>	<u>\$ 61,727</u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District (Levy)
For the Year Ended December 31, 2005

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 29,330	\$ 29,330	\$ 29,854	\$ 524
Intergovernmental	3,085	3,085	3,420	335
<i>Total receipts</i>	<u>32,415</u>	<u>32,415</u>	<u>33,274</u>	<u>859</u>
Disbursements				
Current:				
General Government	52,000	52,000	32,663	19,337
Public Safety	1,387	1,387	611	776
<i>Total Disbursements</i>	<u>53,387</u>	<u>53,387</u>	<u>33,274</u>	<u>20,113</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,972)</u>	<u>(20,972)</u>	<u>0</u>	<u>20,972</u>
 <i>Net Change in Fund Balance</i>	 (20,972)	 (20,972)	 0	 20,972
 <i>Fund Balance Beginning of Year</i>	 <u>20,972</u>	 <u>20,972</u>	 <u>20,972</u>	 <u>0</u>
 <i>Fund Balance End of Year</i>	 <u><u>\$ 0</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 20,972</u></u>	 <u><u>\$ 20,972</u></u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Permissive Motor Vehicle License Tax
For the Year Ended December 31, 2005

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 17,000	\$ 17,000	\$ 13,392	\$ (3,608)
Interest	245	245	131	(114)
<i>Total receipts</i>	<u>17,245</u>	<u>17,245</u>	<u>13,523</u>	<u>(3,722)</u>
Disbursements				
Current:				
Public Works	39,332	39,332	6,712	32,620
<i>Total Disbursements</i>	<u>39,332</u>	<u>39,332</u>	<u>6,712</u>	<u>32,620</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,087)</u>	<u>(22,087)</u>	<u>6,811</u>	<u>28,898</u>
<i>Net Change in Fund Balance</i>	(22,087)	(22,087)	6,811	28,898
<i>Fund Balance Beginning of Year</i>	<u>22,087</u>	<u>22,087</u>	<u>22,087</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,898</u>	<u>\$ 28,898</u>

See accompanying notes to the basic financial statements

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Wayne Township, Darke County
Statement of Net Assets - Modified Cash Basis
December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$268,913</u>
<i>Total Assets</i>	<u><u>\$268,913</u></u>
Net Assets	
Restricted for:	
Other Purposes	191,754
Unrestricted	<u>77,159</u>
<i>Total Net Assets</i>	<u><u>\$268,913</u></u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2004

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
					Governmental Activities
Governmental Activities					
General Government	\$ 101,980	\$ 0	\$ 0	\$ 0	(101,980)
Public Safety	616	0	0	0	(616)
Public Works	96,916	13,842	73,555	0	(9,519)
Health	11,587	0	0	0	(11,587)
<i>Total Governmental Activities</i>	211,099	13,842	73,555	0	(123,702)
 General Receipts					
Property Taxes Levied for:					
General Purposes					120,748
Grants and Entitlements not Restricted to Specific Programs					68,418
Interest					1,050
Miscellaneous					10,387
<i>Total General Receipts</i>					200,603
Change in Net Assets					76,901
<i>Net Assets Beginning of Year</i>					192,012
<i>Net Assets End of Year</i>					\$ 268,913

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$77,159	\$67,513	\$73,639	\$20,972	\$29,630	\$268,913
<i>Total Assets</i>	<u>\$77,159</u>	<u>\$67,513</u>	<u>\$73,639</u>	<u>\$20,972</u>	<u>\$29,630</u>	<u>\$268,913</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	77,159	0	0	0	0	77,159
Special Revenue Funds	<u>0</u>	<u>67,513</u>	<u>73,639</u>	<u>20,972</u>	<u>29,630</u>	<u>191,754</u>
<i>Total Fund Balances</i>	<u>\$77,159</u>	<u>\$67,513</u>	<u>\$73,639</u>	<u>\$20,972</u>	<u>\$29,630</u>	<u>\$268,913</u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$42,349	\$0	\$48,750	\$29,649	\$13,348	\$134,096
Intergovernmental	59,411	61,840	5,669	3,338	11,715	141,973
Special Assessments	0	0	0	0	494	494
Interest	572	388	0	0	90	1,050
Other	387	0	10,000	0	0	10,387
<i>Total Receipts</i>	<u>102,719</u>	<u>62,228</u>	<u>64,419</u>	<u>32,987</u>	<u>25,647</u>	<u>288,000</u>
Disbursements						
Current:						
General Government	69,609	0	0	32,371	0	101,980
Public Safety	0	0	0	616	0	616
Public Works	90	44,904	36,978	0	14,944	96,916
Health	11,587	0	0	0	0	11,587
<i>Total Disbursements</i>	<u>81,286</u>	<u>44,904</u>	<u>36,978</u>	<u>32,987</u>	<u>14,944</u>	<u>211,099</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>21,433</u>	<u>17,324</u>	<u>27,441</u>	<u>0</u>	<u>10,703</u>	<u>76,901</u>
<i>Net Change in Fund Balances</i>	21,433	17,324	27,441	0	10,703	76,901
<i>Fund Balances Beginning of Year</i>	<u>55,726</u>	<u>50,189</u>	<u>46,198</u>	<u>20,972</u>	<u>18,927</u>	<u>192,012</u>
<i>Fund Balances End of Year</i>	<u><u>\$77,159</u></u>	<u><u>\$67,513</u></u>	<u><u>\$73,639</u></u>	<u><u>\$20,972</u></u>	<u><u>\$29,630</u></u>	<u><u>\$268,913</u></u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 40,090	\$ 40,090	\$ 42,349	\$ 2,259
Intergovernmental	31,181	31,181	59,411	28,230
Interest	1,000	1,000	572	(428)
Other	501	501	387	(114)
<i>Total receipts</i>	72,772	72,772	102,719	29,947
Disbursements				
Current:				
General Government	87,779	87,779	69,609	18,170
Public Works	10,300	10,300	90	10,210
Health	18,419	18,419	11,587	6,832
Capital Outlay	12,000	12,000	0	12,000
<i>Total Disbursements</i>	128,498	128,498	81,286	47,212
<i>Excess of Receipts Over (Under) Disbursements</i>	(55,726)	(55,726)	21,433	77,159
<i>Net Change in Fund Balance</i>	(55,726)	(55,726)	21,433	77,159
<i>Fund Balance Beginning of Year</i>	55,726	55,726	55,726	0
<i>Fund Balance End of Year</i>	\$ 0	\$ 0	\$ 77,159	\$ 77,159

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax
For the Year Ended December 31, 2004

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	(Negative)
Receipts				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 61,840	\$ 6,840
Interest	877	877	388	(489)
<i>Total receipts</i>	<u>55,877</u>	<u>55,877</u>	<u>62,228</u>	<u>6,351</u>
Disbursements				
Current:				
Public Works	103,066	103,066	44,904	58,162
Capital Outlay	3,000	3,000	0	3,000
<i>Total Disbursements</i>	<u>106,066</u>	<u>106,066</u>	<u>44,904</u>	<u>61,162</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(50,189)</u>	<u>(50,189)</u>	<u>17,324</u>	<u>67,513</u>
<i>Net Change in Fund Balance</i>	(50,189)	(50,189)	17,324	67,513
<i>Fund Balance Beginning of Year</i>	<u>50,189</u>	<u>50,189</u>	<u>50,189</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 67,513</u>	<u>\$ 67,513</u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge
For the Year Ended December 31, 2004

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 48,100	\$ 48,100	\$ 48,750	\$ 650
Intergovernmental	5,268	5,268	5,669	401
Other	0	0	10,000	10,000
<i>Total receipts</i>	<u>53,368</u>	<u>53,368</u>	<u>64,419</u>	<u>11,051</u>
Disbursements				
Current:				
Public Works	99,566	99,566	36,978	62,588
<i>Total Disbursements</i>	<u>99,566</u>	<u>99,566</u>	<u>36,978</u>	<u>62,588</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(46,198)</u>	<u>(46,198)</u>	<u>27,441</u>	<u>73,639</u>
<i>Net Change in Fund Balance</i>	(46,198)	(46,198)	27,441	73,639
<i>Fund Balance Beginning of Year</i>	<u>46,198</u>	<u>46,198</u>	<u>46,198</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 73,639</u>	<u>\$ 73,639</u>

See accompanying notes to the basic financial statements

Wayne Township, Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District (Levy)
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 29,200	\$ 29,200	\$ 29,649	\$ 449
Intergovernmental	<u>3,078</u>	<u>3,078</u>	<u>3,338</u>	<u>260</u>
<i>Total receipts</i>	<u>32,278</u>	<u>32,278</u>	<u>32,987</u>	<u>709</u>
Disbursements				
Current:				
General Government	52,000	52,000	32,371	19,629
Public Safety	<u>1,250</u>	<u>1,250</u>	<u>616</u>	<u>634</u>
<i>Total Disbursements</i>	<u>53,250</u>	<u>53,250</u>	<u>32,987</u>	<u>20,263</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,972)</u>	<u>(20,972)</u>	<u>0</u>	<u>20,972</u>
<i>Net Change in Fund Balance</i>	(20,972)	(20,972)	0	20,972
<i>Fund Balance Beginning of Year</i>	<u>20,972</u>	<u>20,972</u>	<u>20,972</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,972</u>	<u>\$ 20,972</u>

See accompanying notes to the basic financial statements

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**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 1 – Reporting Entity

Wayne Township, Darke County, Ohio (the Township), is a body politic and corporate established in 1819 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Fiscal Officer.

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

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges. The Township contracts with the Village of Versailles for fire protection services. Police protection is provided by Darke County Sheriffs Office.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

B. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Government-Wide Financial Statements (continued)

The statement of net assets presents the cash balances of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

C. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

D. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. All funds of the Township are categorized as governmental.

E. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's 2005 major governmental funds were the General, Gasoline, Road and Bridge, Fire, and Permissive motor vehicle license Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The gasoline, road and bridge, and permissive funds are used, to a great extent, for road maintenance/repair expenditures to keep Township equipment in working order and purchase new capital assets. The Fire fund is used to pay the fire contract for fire protection services.

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 2 – Summary of Significant Accounting Policies (continued)

F. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

G. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 2 – Summary of Significant Accounting Policies (continued)

H. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

During 2005 and 2004, the Township invested in nonnegotiable certificates of deposits. The nonnegotiable certificates of deposits are reported at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 and 2004 was \$1,122 and \$572.

I. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent all funds with the exception of the General Fund. These funds represent the majority expenditures for supplies, repair and maintenance for the Township.

J. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

K. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

L. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s modified cash basis of accounting.

M. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 2 – Summary of Significant Accounting Policies (continued)

N. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance/repair, insurance equipment purchases, and fire contract.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of equity due to this change.

For the year ended December 31, 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. The financial statements now include entity-wide financial statements, which present information for the Township as a whole, and fund financial statements, which present information for individual major funds rather than fund type.

The Township also implemented GASB Statement No. 37, which clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds, and GASB Statement No. 38, which modifies, establishes and rescinds certain financial statement note disclosures.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, gas, road and bridge, fire and permissive is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). There were no encumbrances outstanding at year-end 2005 or 2004.

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 5 – Deposits and Investments (continued)

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

A. Deposits

At year-ended December 31, 2005, the carrying amount of the Township's deposits was \$249,337, and the bank balance was \$285,891. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$185,891 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation. At year-ended December 31, 2004, the carrying amount of the Township's deposits was \$268,913, and the bank balance was \$304,953. Of the bank balance \$204,953 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation.

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of carrying value of the deposits. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

The Township's investments are required to be categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments, which are held by the counterparty, or by its trust department or agent but not in the Township's name. The Certificates of Deposits are categorized as Category 1. The carrying values as of December 31, 2005 and 2004 are \$80,000 and \$80,000 respectively, which are valued at cost and included in the carrying amounts above.

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	<u>2005</u>	<u>2004</u>
Real Property		
Residential	\$24,962,320	\$23,282,130
Agriculture	7,960,300	8,651,500
Commercial/Industrial/Mineral	1,823,260	1,745,330
Public Utility Property		
Real	29,890	30,250
Personal	1,748,610	1,810,960
Tangible Personal Property	820,470	695,350
Total Assessed Value	<u>\$37,344,850</u>	<u>\$36,215,520</u>

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Law Enforcement Operations	N/A	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	250,000	Total Coverage
Boiler and Machinery	N/A	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

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, 2004 and 2003 (the latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained Earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained Earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005 and 2004, the members were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 and 2004 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$5,178, \$4,680, and \$4,555 respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$1,929 made by the Township and \$3,249 made by the plan members.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 and 2004, local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

**Wayne Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

Note 9 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$43,260. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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**Manning & Associates CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

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

Board of Trustees
Wayne Township
Darke County
P.O. Box 205
Versailles, Ohio 45380

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Township, Darke County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 30, 2006, wherein we noted the Township implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

March 30, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
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800-282-0370

Facsimile 614-466-4490

WAYNE TOWNSHIP

DARKE 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 15, 2006**