

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

Board of Trustees
Wayne Township
P.O. Box 103
Waynesfield, Ohio 45896

We have reviewed the *Independent Auditor's Report* of Wayne Township, Auglaize County, prepared by E.S. Evans and Company, for the audit period January 1, 2009 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

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Dave Yost
Auditor of State

November 14, 2011

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WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

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E.S. Evans and Company

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Steven D. Hooker, CPA • John E. Klay, CPA

September 6, 2011

INDEPENDENT AUDITOR'S REPORT

Wayne Township
Auglaize County, Ohio

We have audited the accompanying financial statements of Wayne Township, Auglaize County, (the Township) as of and for the years ended December 31, 2010 and 2009. 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 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. Those standards require that we plan and perform the audit to reasonably assure 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 audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated September 6, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

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WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES

For the Year Ended December 31, 2010

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<u>Cash Receipts:</u>				
Local Taxes	\$ 19,975	\$ 79,417	\$ -	\$ 99,392
Licenses, Permits, and Fees	1,832	-	-	1,832
Charges for Services	-	19,034	-	19,034
Intergovernmental Revenues	21,898	104,592	53,014	179,504
Interest Revenues	180	-	-	180
Miscellaneous	311	8,517	-	8,828
Total Cash Receipts	<u>44,196</u>	<u>211,560</u>	<u>53,014</u>	<u>308,770</u>
<u>Cash Disbursements:</u>				
Current -				
General Government	40,264	4,361	-	44,625
Public Safety	2,435	55,518	-	57,953
Public Works	-	88,732	-	88,732
Health	-	2,000	-	2,000
Debt Service:				
Principal Payments	-	42,551	-	42,551
Interest Payments	-	7,389	-	7,389
Capital Outlay	6,901	-	53,014	59,915
Total Cash Disbursements	<u>49,600</u>	<u>200,551</u>	<u>53,014</u>	<u>303,165</u>
Total Cash Receipts Over/(Under)				
Cash Disbursements	(5,404)	11,009	-	5,605
<u>Fund Cash Balance - January 1, 2010</u>	<u>85,755</u>	<u>257,094</u>	<u>-</u>	<u>342,849</u>
<u>Fund Cash Balance - December 31, 2010</u>	<u>\$ 80,351</u>	<u>\$ 268,103</u>	<u>\$ -</u>	<u>\$ 348,454</u>

The accompanying notes are an integral part
of these financial statements.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES

For the Year Ended December 31, 2009

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<u>Cash Receipts:</u>			
Local Taxes	\$ 19,382	\$ 78,063	\$ 97,445
Licenses, Permits, and Fees	550	-	550
Charges for Services	-	11,850	11,850
Intergovernmental Revenues	23,472	130,759	154,231
Interest Revenues	573	267	840
Miscellaneous	1,270	2,788	4,058
Total Cash Receipts	45,247	223,727	268,974
<u>Cash Disbursements:</u>			
Current -			
General Government	47,084	5,684	52,768
Public Safety	3,050	143,556	146,606
Public Works	-	84,594	84,594
Health	-	4,707	4,707
Debt Service:			
Principal Payments	-	20,034	20,034
Interest Payments	-	5,089	5,089
Capital Outlay	5,848	72,073	77,921
Total Cash Disbursements	55,982	335,737	391,719
Total Cash Receipts Over/(Under)			
Cash Disbursements	(10,735)	(112,010)	(122,745)
<u>Other Financing Receipts/(Disbursements):</u>			
Proceeds from Bonds	-	87,000	87,000
Proceeds from Note	-	72,073	72,073
Total Financing Sources Over/(Under)			
Financing Uses	-	159,073	159,073
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses			
	(10,735)	47,063	36,328
<u>Fund Cash Balance - January 1, 2009</u>			
	96,490	210,031	306,521
<u>Fund Cash Balance - December 31, 2009</u>			
	\$ 85,755	\$ 257,094	\$ 342,849

The accompanying notes are an integral part
of these financial statements.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Wayne Township, Auglaize County, (the Township), as a political and corporate body. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

Basis of Accounting

These financial statements follow the accounting basis prescribed or permitted by the Auditor of State. This basis is similar to the cash receipts and disbursements basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

Cash and Investments

The Township maintains a checking account and a savings account which are valued at cost.

Fund Accounting

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

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Funds

The Special Revenue Funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant special revenue funds:

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

Fire District Fund – This fund receives property tax money for maintaining fire protection for the Township.

Emergency Medical Services Fund – This fund receives property tax money for maintaining emergency medical services for the Township.

Capital Project Funds

The Capital Project Funds are used to account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Public Works Commission Projects Fund – This fund accounts for a grant from the State of Ohio to repave roads.

Budgetary Process

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

Estimated Resources

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

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 - Summary of Significant Accounting Policies - (continued)

Budgetary Process – (continued)

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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Encumbrances

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

Note 2 – Equity in Pooled Cash

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2010	2009
Demand Deposits	\$ <u>348,454</u>	\$ <u>342,849</u>
Total Deposits	\$ <u><u>348,454</u></u>	\$ <u><u>342,849</u></u>

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

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 140,423	\$ 44,196	\$ (96,227)
Special Revenue	483,757	211,560	(272,197)
Capital Projects	51,200	53,014	1,814
	<u>\$ 675,380</u>	<u>\$ 308,770</u>	<u>\$ (366,610)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 140,423	\$ 49,600	\$ 90,823
Special Revenue	483,757	200,551	283,206
Capital Projects	51,200	53,014	(1,814)
	<u>\$ 675,380</u>	<u>\$ 303,165</u>	<u>\$ 374,029</u>

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 153,514	\$ 45,247	\$ (108,267)
Special Revenue	521,969	382,800	(139,169)
	<u>\$ 675,483</u>	<u>\$ 428,047</u>	<u>\$ (247,436)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 153,514	\$ 55,982	\$ 97,532
Special Revenue	521,969	335,737	186,232
	<u>\$ 675,483</u>	<u>\$ 391,719</u>	<u>\$ 283,764</u>

Contrary to Ohio law, appropriations exceeded actual available resources in 2010 by \$10,476 in the General Fund, by \$4,973 in the Motor Vehicle License Fund, by \$4,851 in the Road and Bridge Fund, by \$20,075 in the Fire Fund, and by \$11,418 in the EMS Fund. Contrary to Ohio law, appropriations exceeded actual available resources in 2009 by \$11,777 in the General Fund, by \$370 in the Motor Vehicle License Fund, by \$4,969 in the Road and Bridge Fund, by \$2,950 in the Cemetery Fund, and by \$18,798 in the EMS Fund. Contrary to Ohio law, expenditures exceeded appropriations in the Capital Projects – Public Works Commission Projects Fund by \$1,814 in 2010.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 4 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts 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 State pays the Township amounts equaling these deductions. The Township includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

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

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Township's behalf.

Note 5 - Debt

Debt Outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	\$62,600	4.79%
Fire Truck Bonds	\$55,299	4.625%

On September 22, 2009, the Township entered into a four year note with Kansas State Bank in the amount of \$72,073 at 4.79%, to finance the purchase of a new dump truck. The note is payable in four annual installments with interest due annually.

On January 29, 2009, the Township issued \$87,000 in Fire Truck Bonds to finance the purchase of a new fire truck. The bonds are payable annually over 10 years including interest at 4.625%.

Amortization of the above debt, including interest of \$32,012, is scheduled as follows:

<u>Year ending December 31:</u>	
2011	\$ 31,326
2012	31,284
2013	31,336
2014	11,027
2015	11,039
2016-2020	<u>33,899</u>
TOTAL	<u>\$ 149,911</u>

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 6 – Retirement Systems

Ohio Public Employees Retirement System (OPERS)

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10 percent of their gross salary. The Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all required contributions through December 31, 2010.

Note 7 - Risk Management

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 7 - Risk Management – (continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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, 2009 and 2008 (the latest information available):

	2009		2008
Assets	\$ 38,983,088	\$	40,737,740
Liabilities	(12,880,766)		(12,981,818)
Retained Earnings	\$ 26,102,322	\$	27,755,922

At December 31, 2009 and 2008, respectively, liabilities noted above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 7 - Risk Management – (continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

The Township's contributions to OTARMA for the past three years are as follows:

Township Contributions to <u>OTARMA</u>	
2008	\$10,207
2009	10,924
2010	11,555

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses became the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 8 – Related Party Transactions

The Township has contracted with Turn-Er Green, a lawn care company, for cemetery sexton duties. The owner of Turn-Er Green is related to the Township's Fiscal Officer and to one of the Township Trustees. The Township paid this company \$13,898 and \$7,316 for 2010 and 2009, respectively.

In addition, Turn-Er Green received, directly from funeral homes or family members of the decedent, fees for opening and closing of graves, which was estimated at approximately \$4,260 and \$1,480, for 2010 and 2009 respectively.

The Township has also contracted with Barnt's Lawn Care Service for the mowing of five small cemeteries in 2009 and with Lee Turner for 2010. The owner of Barnt's Lawn Care Service is a member of the Zoning Commission Board. The Township paid the contractor \$2,240 for 2009. Lee Turner is related to the Township's Fiscal Officer. The Township paid him \$2,400 for 2010.

Note 9 – Other Material Noncompliance

Contrary to Ohio law, the Township did not record all receipts and disbursements for Cemetery services as required and as defined in the contract with the Sexton.

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Steven D. Hooker, CPA • John E. Klay, CPA

September 6, 2011

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

Wayne Township
Auglaize County, Ohio

We have audited the financial statements of the Wayne Township, Auglaize County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 6, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wayne Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of Wayne Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Wayne Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001, 2010-003, and 2010-005 described in the accompanying schedule of findings to be material weaknesses.

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 charges with governance. We consider findings 2010-002 and 2010-004 described in the accompanying schedule of findings to be significant deficiencies.

We also noted certain internal control matters that we reported to Wayne Township's management in separate letter dated September 6, 2011.

Compliance and Other Matters

As part of reasonably assuring whether Wayne 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, providing an opinion 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 instances of noncompliance or other matters that we must report under Government Auditing Standards which are described in the accompanying schedule of findings as items 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 6, 2011.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management of Wayne Township and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties

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WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

SCHEDULE OF AUDIT FINDINGS
December 31, 2010 and 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2010-001 – Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 507.04(A) states, in pertinent part, that the township fiscal officer shall keep an accurate record of the township's accounts and transactions. The Township entered into a contract, without evidence of bidding or the soliciting of quotes, with Turn-Er Green Company for a cemetery sexton to open and close graves, pour footers for tombstones, place veteran's markers, and to mow and maintain the Willow Branch Cemetery and for the spraying of township roads. The owner of Turn-Er Green Company is related to the Township's Fiscal Officer and is also a relative of one of the Trustees. The contract agreement states that the Township will pay for these services, when invoiced, per the rate schedule that is approved at the beginning of each year. However, except for the mowing of the cemetery, Turn-Er Company collected the revenues associated with these services rather than billing the Township.

The approximate cemetery revenue collected directly from funeral homes or family members of the decedent by Turn-Er Green for the years 2010 and 2009 was estimated at \$4,260 and \$1,480, respectively based on burial permits provided to us by the Township Fiscal Officer.

The lack of proper procedures to monitor the cemetery activities could result in incorrect rates being charged, activity not being recorded on the financial statements, and other accountability issues. Since the collection of cemetery revenue is the responsibility of the Township, and the revenue is considered public funds, all revenue associated with the cemetery should be deposited in the township treasury and recorded on the township books. In addition, the Trustees should be monitoring all activity of the Township, including the cemetery.

TOWNSHIP RESPONSE – The Township will take this under consideration at the next meeting.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

SCHEDULE OF AUDIT FINDINGS
December 31, 2010 and 2009

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

Finding Number 2010-002 – Noncompliance Citation and Significant Deficiency

Ohio Revised Code Section 5705.36(A)(4) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources of the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The amounts by which appropriations exceed available resources are as follows:

Fund Type/Fund	2010	2009
General Fund	\$ 10,476	\$ 11,777
Special Revenue Funds:		
Motor Vehicle License Fund	4,973	370
Road and Bridge Fund	4,851	4,969
Cemetery Fund	-	2,950
Fire Fund	20,075	-
EMS Fund	11,418	18,798

Actual receipts should be compared to budgeted receipts on a periodic basis to monitor for significant variances. Amended certificates should be requested from the County Budget Commission when it becomes apparent that actual receipts are going to be significantly less than estimated receipts, and the deficiency in receipts will fall below the appropriation level for the fund. This analysis should also encompass a comparison of appropriations versus available resources after amendment.

TOWNSHIP RESPONSE – We will more closely monitor this and at our September or October meeting we will review.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

SCHEDULE OF AUDIT FINDINGS
December 31, 2010 and 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2010-003 – Internal Control Material Weakness

The Township has a volunteer EMS squad which provides free EMS services to Wayne Township residents and certain sections of Union Township, per contract. The clients that live outside of the service area are billed for the services rendered. For 2009, the Township was under contract with Med-E-File Management & Billing Service, a private billing company, to bill these services. However, no receipts were received from runs in 2009 and this company has subsequently gone out of business. We found there were no formal billing procedures, and no procedures were performed to determine that all billable runs had been invoiced, nor was there documentation to support the rates billed. Many of the bills sent out were not collected, and many were not acted upon by the insurance company due to lack of information or date submitted. In addition, there was no follow-up on these uncollected billings.

The failure of the Township to have formal billing procedures to assure that all billable runs are invoiced and collected could lead to a loss of revenue, and ultimately an operating loss for the Emergency Medical Service Fund.

Effective June 23, 2010, the Township contracted with Ohio Billing Inc. to bill Wayne Township runs. After this contract was in place, we found runs were billed and subsequent receipts were coming in. However, we recommend the Township should adopt a policy outlining the procedures to follow for the billing and collection for EMS runs. This policy should include the method to account for all EMS billable runs by requiring preprinted numerical control of the run sheets; the reconciling of the run sheets to invoices to assure all billable runs are invoiced; the establishment of consistent rates to be charged; the procedure for follow-up on unpaid accounts, (for example...notification every 30 days for 90 days, then transfer to a collection agency and/or prosecution) or eventual write-off, if necessary. Documentation should be maintained showing the course of action taken by the Township to collect on these accounts. If it becomes necessary for accounts to be written off, they should first be approved by the Trustees and documented in the minutes, prior to write-off. In addition, if a company is retained to handle the EMS billings, the Township should maintain a control and review to make sure all revenue the Township is entitled to is being collected and received.

TOWNSHIP RESPONSE – The Township feels this has been corrected since contracting with Ohio Billing Inc.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

SCHEDULE OF AUDIT FINDINGS
December 31, 2010 and 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2010-004 – Internal Control Significant Deficiency

In 2010 the Township was the beneficiary of a \$53,014 OPWC grant through the County Auditor. This activity was not recorded on the ledgers of the Township. Since the County paid the invoices, the Township did not receive this cash. However, Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Township applies for a project and has administrative responsibilities.

We recommend the Township record all benefits received from state or federal grants as a memo receipt and expenditure at the time acquired and expended on the Township's ledgers. In addition, Township management should review Auditor of State Bulletins 2000-008 and 2002-004.

TOWNSHIP RESPONSE – We will review this and the bulletins and get this recorded in the future.

Finding Number 2010-005 – Internal Control Material Weakness

In auditing the receipts of the Township, we found that receipts are being held for days, sometimes weeks, before being deposited into the bank. It appears that all receipts collected are taken to the bank only once per month. A specific instance was that on June 11, 2010, the Fifth Third checking account was closed and a check was issued for \$125,448.49. This check was not deposited into the new Chase checking account until June 28, 2011, seventeen days later.

We recommend the Township deposit funds into the bank in a more timely manner. The delay in depositing creates opportunity for theft and loss of funds and interest by the Township.

TOWNSHIP RESPONSE – We will try to be more diligent in getting the deposits to the bank.

WAYNE TOWNSHIP
AUGLAIZE COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2010 and 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	Finding for Recovery	No	Finding has not been repaid by the Clerk
2008-001	Cemetery Activities	No	Repeated as Comment #2010-001
2008-002	Appropriations exceeding Available Resources	No	Repeated as Comment #2010-002

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Dave Yost • Auditor of State

WAYNE TOWNSHIP

AUGLAIZE 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
NOVEMBER 29, 2011