

***WAYNE TOWNSHIP***  
**MONROE COUNTY, OHIO**

**AUDIT REPORT**

**For the Year Ended December 31, 2005**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Wayne Township  
34207 Barber Ridge Road  
Lewisville, Ohio 43754

We have reviewed the *Report of Independent Accountants* of Wayne Township, Monroe County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 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

November 15, 2006

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**WAYNE TOWNSHIP  
MONROE COUNTY  
AUDIT REPORT**  
For the year ended December 31, 2005

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**REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Trustees  
Wayne Township, Monroe County  
34207 Barber Ridge Road  
Lewisville, Ohio 43754-9422

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Township, Monroe County, Ohio, (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Wayne Township, Monroe County, Ohio, as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General, the Gasoline Tax, the FEMA September Floods and the FEMA January 2005 Event for the year ended December 31, 2005, in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 to 8 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2006 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, 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 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.

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

August 31, 2006



## WAYNE TOWNSHIP, MONROE COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

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This discussion and analysis of Wayne Township, Monroe County's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's 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 are as follows:

Net assets of governmental activities increased \$9,692, or 41 percent in 2005, a significant change from the prior year. This increase is attributable to the Township securing two FEMA grants in 2005 totaling \$107,081. When all FEMA granting is excluded, net assets of the Township decreased \$11,106, or 47 percent, a significant change from prior year. Excluding FEMA funds, all governmental fund types saw a decrease in net assets with the exception of the General Fund, which increased \$441, or 57 percent, from prior year. The decrease in net assets in the Gasoline Tax Fund, Motor Vehicle License Tax Fund, and the Permissive Motor Vehicle License Tax Fund is attributable to the FEMA projects because the Township is required to match the FEMA funding by 25 percent of the total project cost. After projects are completed, the State of Ohio will reimburse the Township with half the match, or 12.5 percent. This 12.5 percent from the State of Ohio will be received in 2006, when it is expected that all FEMA projects will be completed.

The Township's general receipts are primarily property taxes and local government revenue. These receipts represent 5 percent each of the total cash received for governmental activities. Property tax receipts for 2005 changed very little compared to 2004 as development within the Township has slowed.

### 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 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.

### **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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the

## WAYNE TOWNSHIP, MONROE COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

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Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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 cash basis of accounting.

### **Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. 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 activity 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 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 condition of the Township's capital assets and infrastructure, 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 income taxes.

In the statement of net assets and the statement of activities, the Township activities are classified as one type of activity:

Governmental activities. All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income 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 Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township 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. The funds of the Township are as follows:

Governmental Funds - All 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

**WAYNE TOWNSHIP, MONROE COUNTY**

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

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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 Tax Fund, FEMA September Floods Fund, FEMA January 2005 Event Fund and Sloan Cemetery Fund.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005 on the cash basis. Since this is the first year the Township has reported on this method, there are no comparisons to 2004.

(Table 1)

**Net Assets**

	<u>Governmental Activities</u>
	<u>2005</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 33,140
Total Assets	<u>\$ 33,140</u>
<b>Net Assets</b>	
Restricted for:	
Permanent Fund	
Expendable	132
Nonexpendable	5,360
Other Purposes	26,437
Unrestricted	<u>1,211</u>
Total Net Assets	<u>\$ 33,140</u>

As mentioned previously, net assets of governmental activities increased \$9,692 or 41 percent during 2005. The primary reason contributing to the increase in cash balances is the Township securing \$107,081 in FEMA grant funding.

Table 2 reflects the changes in net assets in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data for 2005 and 2004 has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**WAYNE TOWNSHIP, MONROE COUNTY**

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

(Table 2)

**Changes in Net Assets**

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$ 2,542
Operating Grants and Contributions	85,556
Capital Grants and Contributions	107,934
Total Program Receipts	<u>196,032</u>
General Receipts:	
Property and Other Local Taxes	13,986
Grants and Entitlements Not Restricted to Specific Programs	8,717
Interest	256
Miscellaneous	214
Total General Receipts	<u>23,173</u>
Total Receipts	<u>219,205</u>
Disbursements:	
General Government	20,348
Security of Persons and Property:	1,740
Health	1,050
Public Works	186,375
Total Disbursements	<u>209,513</u>
Increase (Decrease) in Net Assets	9,692
Net Assets, January 1, 2005	<u>23,448</u>
Net Assets, December 31, 2005	<u>\$ 33,140</u>

Program receipts represent 89 percent in 2005 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and the FEMA grant funds.

General receipts represent 11 percent in 2005 of the Township's total receipts, and of this amount, over 60 percent in 2005 are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts, 38 percent in 2005. Other receipts are 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 Township activities. These include the costs of internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, management attempts to limit these costs.

Public Safety is the costs of fire protection; Health is the maintenance of the Township's cemetery; and Public Works is the cost of maintaining the roads.

**WAYNE TOWNSHIP, MONROE COUNTY**

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

**Governmental Activities**

If you look at the Statement of Activities, 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 and General Government, which account for 89 and 10 percent of all governmental disbursements in 2005. 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)

	<b>Governmental Activities</b>	
	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$ 20,348	\$ (20,028)
Public Safety	1,740	(1,740)
Health	1,050	(1,050)
Public Works	186,375	9,337
Total Expenses	<u>\$ 209,513</u>	<u>\$ (13,481)</u>

The above table shows that only 6 percent of Township disbursements are paid for using general taxpayer dollars. This percentage is skewed due to the large amount of FEMA grants during the year.

**The Township's Funds**

Total governmental funds had receipts of \$219,205 in 2005, and disbursements of \$209,513 in 2005. The greatest change within governmental funds occurred within the FEMA January 2005 Event Fund. The Township received two FEMA grants totaling \$107,081.

General Fund receipts were more than disbursements by \$441 indicating that the General Fund remained stagnant in 2005. It was the recommendation of management that a reduction in disbursements was preferable to requesting additional funds from taxpayers. Some cuts in spending have already been implemented for 2006. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

**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 General Fund activity is relatively minor in comparison to several other funds.

During 2005, the Township amended the General Fund budget once to reflect changing circumstances. Final disbursements were budgeted at \$22,295 while actual disbursements were \$22,933. The Township

**WAYNE TOWNSHIP, MONROE COUNTY**

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

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kept spending very close to budgeted amounts as demonstrated by the minor report variances. The result is the increase in fund balance of \$441 for 2005. The difference between final budgeted receipts and actual receipts was not significant.

**Capital Assets and Debt Administration**

Capital Assets

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

Debt

At December 31, 2005, the Township had no outstanding debt.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Township relies heavily on local taxes and has very little industry to support the tax base. Our newly prepared financial forecast predicts stagnant growth in 2006. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We have reduced spending wherever feasible. In the future, Township officials will most likely have to aggressively seek federal and state grant funding to make improvements in the Township, especially in areas of public works and for repairs needed to the Community Center.

**Contacting the Township'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 Mary Jo Westfall, Fiscal Officer, Wayne Township, Monroe County, 34207 Barber Ridge Road, Lewisville, OH 43754.

**WAYNE TOWNSHIP, MONROE COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2005*

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	<u>Governmental Activities</u>	<u>Total</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 33,140	\$ 33,140
<i>Total Assets</i>	<u>\$ 33,140</u>	<u>\$ 33,140</u>
<b>Net Assets</b>		
Restricted for:		
Permanent Fund: Mowing and Maintenance of Sloan Cemetery		
Expendable	132	132
Non-Expendable	5,360	5,360
Other Purposes	26,437	26,437
Unrestricted	<u>1,211</u>	<u>1,211</u>
<i>Total Net Assets</i>	<u>\$ 33,140</u>	<u>\$ 33,140</u>

See accompanying notes to the basic financial statements

**WAYNE TOWNSHIP, MONROE COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2005*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>Governmental Activities</b>						
General Government	\$ 20,348	\$ 320	\$ -	\$ -	\$ (20,028)	\$ (20,028)
Public Safety	1,740	-	-	-	(1,740)	(1,740)
Public Works	186,375	2,222	85,556	107,934	9,337	9,337
Health	1,050	-	-	-	(1,050)	(1,050)
<i>Total Governmental Activities</i>	<u>209,513</u>	<u>2,542</u>	<u>85,556</u>	<u>107,934</u>	<u>(13,481)</u>	<u>(13,481)</u>
<b>Total</b>	<u>\$ 209,513</u>	<u>\$ 2,542</u>	<u>\$ 85,556</u>	<u>\$107,934</u>	<u>(13,481)</u>	<u>(13,481)</u>
<b>General Receipts</b>						
Property Taxes					\$ 13,986	13,986
Grants and Entitlements not Restricted to Specific Programs					8,717	8,717
Interest					256	256
Miscellaneous					214	214
<i>Total General Receipts</i>					<u>23,173</u>	<u>23,173</u>
Change in Net Assets					9,692	9,692
<i>Net Assets Beginning of Year</i>					<u>23,448</u>	<u>23,448</u>
<i>Net Assets End of Year</i>					<u>\$ 33,140</u>	<u>\$ 33,140</u>

See accompanying notes to the basic financial statements



**WAYNE TOWNSHIP, MONROE COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	General	Gasoline Tax	FEMA September Floods	FEMA January 2005 Event	Sloan Cemetery	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 1,211	\$ 5,324	\$ 2,936	\$ 17,862	\$ 5,492	\$ 315	\$ 33,140
<i>Total Assets</i>	<u>\$ 1,211</u>	<u>\$ 5,324</u>	<u>\$ 2,936</u>	<u>\$ 17,862</u>	<u>\$ 5,492</u>	<u>\$ 315</u>	<u>\$ 33,140</u>
<b>Fund Balances</b>							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$ 1,211	-	-	-	-	-	\$ 1,211
Special Revenue Funds	-	\$ 5,324	\$ 2,936	\$ 17,862	-	\$ 315	26,437
Permanent Fund	-	-	-	-	5,492	-	5,492
<i>Total Fund Balances</i>	<u>\$ 1,211</u>	<u>\$ 5,324</u>	<u>\$ 2,936</u>	<u>\$ 17,862</u>	<u>\$ 5,492</u>	<u>\$ 315</u>	<u>\$ 33,140</u>

See accompanying notes to the basic financial statements

**WAYNE TOWNSHIP, MONROE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Gasoline Tax	FEMA September Floods	FEMA January 2005 Event	Sloan Cemetery	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$ 11,764	\$ -	\$ -	\$ -	\$ -	\$ 2,222	\$ 13,986
Intergovernmental	10,940	77,232	76,324	30,757	-	9,176	204,429
Interest	136	32	-	-	85	3	256
Miscellaneous	534	-	-	-	-	-	534
<i>Total Receipts</i>	<u>23,374</u>	<u>77,264</u>	<u>76,324</u>	<u>30,757</u>	<u>85</u>	<u>11,401</u>	<u>219,205</u>
<b>Disbursements</b>							
Current:							
General Government	20,143	-	-	-	-	205	20,348
Public Safety	1,740	-	-	-	-	-	1,740
Public Works	-	94,151	73,388	1,096	-	17,740	186,375
Health	1,050	-	-	-	-	-	1,050
<i>Total Disbursements</i>	<u>22,933</u>	<u>94,151</u>	<u>73,388</u>	<u>1,096</u>	<u>-</u>	<u>17,945</u>	<u>209,513</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	441	(16,887)	2,936	29,661	85	(6,544)	9,692
<b>Other Financing Sources (Uses)</b>							
Transfers In	-	11,799	-	-	-	-	11,799
Transfers Out	-	-	-	(11,799)	-	-	(11,799)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>11,799</u>	<u>-</u>	<u>(11,799)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	441	(5,088)	2,936	17,862	85	(6,544)	9,692
<i>Fund Balances Beginning of Year</i>	770	10,412	-	-	5,407	6,859	23,448
<i>Fund Balances End of Year</i>	<u>\$ 1,211</u>	<u>\$ 5,324</u>	<u>\$ 2,936</u>	<u>\$ 17,862</u>	<u>\$ 5,492</u>	<u>\$ 315</u>	<u>\$ 33,140</u>

See accompanying notes to the basic financial statements

**WAYNE TOWNSHIP, MONROE COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 13,401	\$ 13,401	\$ 11,764	\$ (1,637)
Intergovernmental	7,109	8,792	10,940	2,148
Interest	32	32	136	104
Miscellaneous	-	-	534	534
<i>Total receipts</i>	<u>20,542</u>	<u>22,225</u>	<u>23,374</u>	<u>1,149</u>
<b>Disbursements</b>				
Current:				
General Government	18,622	20,205	20,143	62
Public Safety	1,740	1,740	1,740	-
Health	950	1,050	1,050	-
<i>Total Disbursements</i>	<u>21,312</u>	<u>22,995</u>	<u>22,933</u>	<u>62</u>
<i>Net Change in Fund Balance</i>	(770)	(770)	441	1,211
<i>Fund Balance Beginning of Year</i>	<u>770</u>	<u>770</u>	<u>770</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,211</u>	<u>\$ 1,211</u>

See accompanying notes to the basic financial statements

**WAYNE TOWNSHIP, MONROE COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 74,571	\$ 74,571	\$ 77,232	\$ 2,661
Interest	25	25	32	7
<i>Total receipts</i>	<u>74,596</u>	<u>74,596</u>	<u>77,264</u>	<u>2,668</u>
<b>Disbursements</b>				
Current:				
Public Works	85,008	96,807	94,151	2,656
<i>Total Disbursements</i>	<u>85,008</u>	<u>96,807</u>	<u>94,151</u>	<u>2,656</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,412)	(22,211)	(16,887)	5,324
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	11,799	11,799	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>11,799</u>	<u>11,799</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(10,412)	(10,412)	(5,088)	5,324
<i>Fund Balance Beginning of Year</i>	<u>10,412</u>	<u>10,412</u>	<u>10,412</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,324</u>	<u>\$ 5,324</u>

See accompanying notes to the basic financial statements

**WAYNE TOWNSHIP, MONROE COUNTY**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 FEMA Sept Floods Fund  
 For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ -	\$ 76,324	\$ 76,324	\$ -
<i>Total receipts</i>	<u>-</u>	<u>76,324</u>	<u>76,324</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
General Government	-	2,936	-	2,936
Public Works	-	73,388	73,388	-
<i>Total Disbursements</i>	<u>-</u>	<u>76,324</u>	<u>73,388</u>	<u>2,936</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	-	-	2,936	2,936
<b>Other Financing Sources (Uses)</b>				
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	-	-	2,936	2,936
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,936</u>	<u>\$ 2,936</u>

See accompanying notes to the basic financial statements

**WAYNE TOWNSHIP, MONROE COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*FEMA January 2005 Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ -	\$ 30,757	\$ 30,757	\$ -
<i>Total receipts</i>	<u>-</u>	<u>30,757</u>	<u>30,757</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
General Government	-	1,183	-	1,183
Public Works	-	17,775	1,096	16,679
<i>Total Disbursements</i>	<u>-</u>	<u>18,958</u>	<u>1,096</u>	<u>17,862</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	-	11,799	29,661	17,862
<b>Other Financing Sources (Uses)</b>				
Transfers Out		(11,799)	(11,799)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(11,799)</u>	<u>(11,799)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	-	-	17,862	17,862
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,862</u>	<u>\$ 17,862</u>

See accompanying notes to the basic financial statements

Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**Note 1 – Reporting Entity**

Wayne Township, Monroe County, Ohio (the Township), is a body politic and corporate established 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 reporting entity is comprised of the primary government; there are no components or other organizations. 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, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Lewisville Volunteer Fire Department and the Graysville Volunteer Fire Department to provide fire and emergency services. The Township contracts with the county Emergency Management Agency to provide disaster relief coordination services in the event of a man-made or natural disaster affecting the Township.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements, 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 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.

**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, except for fiduciary funds as the Township has none. The statements only show governmental activities as the Township has no business-type activities. The Township also has no internal service funds.

The statement of net assets presents the cash balance 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

Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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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, 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 cash basis or draws from the Township's general receipts.

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 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.

B. 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. The funds of the Township are included in one category, governmental, as there were no proprietary or fiduciary funds in 2005.

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 major governmental funds are the General Fund, the Gasoline Tax Fund, the FEMA September Floods Fund, the FEMA January 2005 Event Fund, and the Sloan Cemetery 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 Gasoline Tax Fund and the two FEMA funds are restricted for purposes established by state and federal laws. The Sloan Cemetery Fund is a permanent fund established by a cemetery bequest that is typically invested in a certificate of deposit. Only the interest is allowed to be spent on the upkeep and maintenance of the Sloan Cemetery.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the 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 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.



Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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D. 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 appropriation resolution, 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 Board may appropriate.

The appropriation resolution is the Township Board's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township Board. The legal level of control has been established at the fund 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 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 Board.

The appropriation resolution 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 resolution 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 Board during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled into an interest-bearing checking account at the Citizens National Bank in Woodsfield, Ohio, earning interest at variable rates. Individual fund integrity is maintained through Township records.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Township invested in nonnegotiable certificates of deposit for the Sloan Cemetery bequest. The nonnegotiable certificates of deposit are reported at cost.

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 was \$136.

F. 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. The Township has no restricted assets.

Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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G. 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.

H. 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.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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 public work projects and maintenance of the Sloan Cemetery.

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.

K. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. There were no fund balance reserves at year-end.

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**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 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.

Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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**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, Gasoline Tax Fund, FEMA September Floods Fund and FEMA January 2005 Event Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no encumbrances at year-end.

**Note 5 – Deposits and Investments**

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the Township treasury. Such 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 Township has 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 may 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;

Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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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).

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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005, all of the Township's bank balance was covered by the Federal Deposit Insurance Corporation.

The Township had no investments at December 31, 2005.

**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, 2003, 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.

Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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The full tax rate for all Township operations for the year ended December 31, 2005, was \$3.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

	2005
Real Property	\$ 4,063,730
Public Utility Property	341,150
Tangible Personal Property	113,450
Total Assessed Value	\$ 4,518,330

**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 2005 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	Limit
Automobile Liability	2,000,000	Limit
Wrongful Acts	2,000,000	Limit
Property	525,200	Total Coverage

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.

**Note 8 – Defined Benefit Pension Plans**

**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.

Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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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, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. 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 \$4,322, \$3,956, and \$4,419, respectively. The full amount has been contributed for 2005, 2004 and 2003. No contributions were made to either the member-directed plan or the combined plan in 2005, 2004 or 2003.

**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 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

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, 2004, 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.

Wayne Township, Monroe County  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

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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 369,885. Actual employer contributions which were used to fund postemployment benefits were \$1,081 for 2005. 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 \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 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.

**Note 10 – Interfund Transfers**

During 2005 the following transfers were made:

Transfers from the FEMA January 2005 Event Fund to:	<u>2005</u>
Major Governmental Fund (Gasoline Tax Fund)	<u>\$11,799</u>
Total Transfers	<u>\$11,799</u>

Transfers represent the requirement from the State and FEMA to reimburse the Gasoline Tax Fund for disbursements relating to the natural disaster before FEMA funding was secured by the Township. Such disbursements are related to repairing the road(s) to pre-disaster conditions; debris removal; and the in-kind costs of equipment, materials (including aggregate on stock) and labor. These transfers met all applicable requirements of the grant and the Ohio Revised Code.

**Note 11 – Contingent Liabilities**

The Township may be a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

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

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

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Wayne Township  
Monroe County  
34207 Barber Ridge Road  
Lewisville, Ohio 43754-9422

We have audited the accompanying financial statements of Wayne Township, Monroe County, Ohio (the "Township") as of and for the year ended December 31, 2005, and have issued our report thereon dated August 31, 2006, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 operation that we consider to be material weaknesses.

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, grant agreements and other matters, 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*. However, we noted other matters involving compliance that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 31, 2006.



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

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

August 31, 2006

## **SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the year ending December 31, 2004, reported no material citations or recommendations.



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**WAYNE TOWNSHIP**

**MONROE 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 30, 2006**