



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 8, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**WAYNE TOWNSHIP
ADAMS COUNTY**

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ADAMS COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Wayne Township
Adams County
75 State Route 137
Cherry Fork, Ohio 45618

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

There was insufficient evidence supporting the rental of the gymnasium and fundraising receipts recorded as miscellaneous in the General and Fire District Funds, respectively, in 2005 and 2004. The 2005 and 2004 miscellaneous receipts in the General Fund are reported in the financial statements in the amounts of \$9,484 and \$12,581, respectively, and in the Fire District Fund in the amounts of \$7,608 and \$4,482, respectively. Without this evidential matter, we were unable to obtain sufficient information regarding the miscellaneous receipts recorded for the General and Fire District Funds, or to satisfy ourselves regarding the validity of the underlying transactions through other auditing procedures. The miscellaneous receipts were 8 percent of total General Fund receipts in 2005 and 14 percent in 2004. The miscellaneous receipts were 17 percent of total Fire District Fund receipts in 2005 and 15 percent in 2004.

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, except for the effects of such adjustments, if any, as might have been determined necessary as we have been able to examine certain information regarding the General and Fire District Fund miscellaneous receipts in 2005 and 2004, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Township, Adams County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax and Fire District funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005 and 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 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 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.

Management's discussion and analysis 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, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Betty Montgomery
Auditor of State

December 18, 2006

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

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

Highlights

Key highlights for 2005 and 2004 are as follows:

In 2005, the Township's net assets increased \$37,617 or 25% over 2004. Expenses and revenues increased due to an Ohio Department of Natural Resources (ODNR) park grant and Community Development Block Grant (CDBG). In 2004, the Township's net assets decreased \$1,875 or 1% as compared to 2003. The Township was able to maintain spending levels.

The Township's general receipts are primarily property taxes. During 2005 and 2004 general receipts represented 57% and 63% respectively of the total cash received for governmental activities. Property tax receipts for 2004 changed very little compared to 2003 as property values showed only moderate increases. Property taxes for 2005 increased 17% as compared to 2004. This was due to an increase in tax monies received from the renewal of the fire district levy. The Township's program receipts are primarily excise gas tax and state and federal grants. Excise tax receipts related to fuel sales increased \$5,138 or 8% in 2005 over 2004, and increased \$12,842 or 23% in 2004 over 2003. An ODNR and a CDBG grant were received in 2005, as reflected by the large increase in capital grants and contributions program revenues for that year.

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

Wayne Township
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)
(Continued)

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 Government as a Whole

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

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the 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 capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

Reporting the Government'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 Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gas Tax, and Fire District Funds in both 2005 and 2004, and the Nature Works Project and Kitchen Project in 2005. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Wayne Township
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)
(Continued)

The Government as a Whole

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

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$190,810	\$153,193
Total Assets	\$190,810	\$153,193
Net Assets		
Restricted for:		
Capital Outlay	5,429	0
Other Purposes:		
Road Maintenance	37,782	39,840
Fire Protection	47,018	30,483
Cemetery	12,929	9,449
Zoning	1,058	881
Recreation	770	170
Permanent	200	200
Unrestricted	85,624	72,170
Total Net Assets	\$190,810	\$153,193

As mentioned previously, net assets of governmental activities increased \$37,617 or 25 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- Increase in receipts due to receiving several grants in 2005 including an ODNR, CDBG, and Assistance to Firefighters.
- Increases in amount of gasoline excise tax received between 2004 as compared to 2005 in the amount of \$5,138.

Wayne Township
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)
(Continued)

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

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Variance
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$210	\$130	\$80
Operating Grants and Contributions	96,304	81,074	15,230
Capital Grants and Contributions	83,619	0	83,619
Total Program Receipts	<u>180,133</u>	<u>81,204</u>	<u>98,929</u>
General Receipts:			
Property and Other Local Taxes	101,895	87,208	14,687
Grants and Entitlements Not Restricted to Specific Programs	61,664	27,221	34,443
Interest	1,912	1,954	(42)
Sale of Bonds	38,000	0	38,000
Sale of Fixed Assets	7,385	400	6,985
Miscellaneous	31,683	24,410	7,273
Total General Receipts	<u>242,539</u>	<u>141,193</u>	<u>101,346</u>
Total Receipts	<u>422,672</u>	<u>222,397</u>	<u>200,275</u>
Disbursements:			
General Government	74,570	111,453	(36,883)
Public Safety	75,381	21,467	53,914
Public Works	85,968	71,470	14,498
Health	15,404	15,374	30
Capital Outlay	127,482	4,509	122,973
Principal Retirement	6,250	0	6,250
Total Disbursements	<u>385,055</u>	<u>224,273</u>	<u>160,782</u>
Increase (Decrease) in Net Assets	37,617	(1,876)	39,493
Beginning Net Assets	<u>153,193</u>	<u>155,069</u>	<u>(1,876)</u>
Ending Net Assets	<u>\$190,810</u>	<u>\$153,193</u>	<u>\$37,617</u>

In 2005, Program receipts represent 43% of total receipts. In 2004, Program receipts represent 37% of total receipts. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and grant monies.

In 2005, General receipts represent 57% of the Township's total receipts, and of this amount, 42% are local taxes. State and federal grants and entitlements make up 25% of the Township's general receipts. Miscellaneous receipts which consists mainly of grave sales and gym rental make up the balance of the Township's general receipts (13%). In 2004, General receipts represent 63% of the Township's total receipts, and of this amount, 62% are local taxes. State and federal grants and entitlements make 19% of the Township's general receipts. Miscellaneous receipts which consists mainly of grave sales and gym rental make up the balance of the Township's general receipts (17%). Other receipts in 2005 and 2004 are very insignificant and somewhat unpredictable revenue sources.

Wayne Township
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)
(Continued)

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 officials' salaries and benefits, Township hall, maintenance and utilities.

Public Safety is the costs of fire protection; Health is the health department and cemetery maintenance; Capital Outlay is the cost of purchasing capital assets and improvements for the park and kitchen projects.

Governmental Activities

If you look at the Statement of Activities on page 10 and 17, 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 general government, which account for 19 and 50 percent of all governmental disbursements in 2005 and 2004, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Net Cost of Services 2005	Total Cost Of Services 2004	Net Cost of Services 2004
General Government	\$74,570	(\$74,570)	\$111,453	(\$111,433)
Public Safety	75,381	(60,813)	21,467	(18,108)
Public Works	85,968	(5,640)	71,470	4,768
Health	15,404	(13,786)	15,374	(13,787)
Capital Outlay	127,482	(43,863)	4,509	(4,509)
Principal Retirement	6,250	(6,250)	0	0
Total Expenses	\$385,055	(\$204,922)	\$224,273	(\$143,069)

The dependence upon property tax receipts is apparent as over 26 and 39 percent of governmental activities are supported through these general receipts in 2005 and 2004, respectively.

The Government's Funds

In 2005, total governmental funds had receipts of \$422,672 and disbursements of \$385,055. In 2004, total governmental funds had receipts of \$222,397 and disbursements of \$224,273. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$13,454 (19%) in 2005 as a result of estate tax monies received and decreased \$25,604 (26%) in 2004 due to an increase in general government expenditures.

Wayne Township
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
(Unaudited)
(Continued)

General Fund Budgeting Highlights

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

During 2005 and 2004, the Township amended its General Fund budget occasionally to reflect changing circumstances. General Fund receipts received in 2005 were \$43,032 greater than was budgeted and were \$20,863 greater in 2004.

In 2005, final disbursements were budgeted at \$155,632, while actual disbursements were \$119,026. In 2004, final disbursements were budgeted at \$167,781, while actual disbursements were \$115,167. The Township kept spending below budgeted amounts as demonstrated by the reported variances, however, receipts failed to keep pace with disbursements resulting in a fund balance decrease in 2004 of \$25,604. In 2005, receipts were greater than disbursements resulting in a fund balance increase of \$13,454.

Capital Assets and Debt Administration

Capital Assets

The Township does not report capital assets under the cash basis of accounting.

Debt

The Township has one bond issue in the amount of \$38,000 which was issued on December 1, 2005. The bond was issued for the purpose of purchasing a fire truck and shall mature in 2009. Principal payments are due annually and interest payments are due semi-annually.

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. We rely heavily on local taxes and have very little industry to support the tax base.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Penny Tolle, Fiscal Officer, Wayne Township, 75 State Route 137, Cherry Fork, Ohio, 45618.

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$190,810
<i>Total Assets</i>	<i>\$190,810</i>
 Net Assets	
Restricted for:	
Capital Projects	\$5,429
Other Purposes:	
Road Maintenance	37,782
Fire Protection	47,018
Cemetery	12,929
Zoning	1,058
Recreation	770
Permanent Fund	200
Unrestricted	85,624
<i>Total Net Assets</i>	<i>\$190,810</i>

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

	General	Gasoline Tax	Fire District	Nature Works Project	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$85,624	\$33,723	\$37,073	\$5,429	\$28,961	\$190,810
<i>Total Assets</i>	<u>\$85,624</u>	<u>\$33,723</u>	<u>\$37,073</u>	<u>\$5,429</u>	<u>\$28,961</u>	<u>\$190,810</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$0	\$0	\$0	\$0	\$98,168	\$98,168
Reserved for Permanent Fund	0	0	0	0	200	200
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	85,624	0	0	0	0	85,624
Special Revenue Funds	0	33,723	37,073	0	(69,407)	1,389
Capital Projects Funds	0	0	0	5,429	0	5,429
<i>Total Fund Balances</i>	<u>\$85,624</u>	<u>\$33,723</u>	<u>\$37,073</u>	<u>\$5,429</u>	<u>\$28,961</u>	<u>\$190,810</u>

Wayne Township, Adams 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	Fire District
Receipts			
Property and Other Local Taxes	\$50,935	\$0	\$32,403
Charges for Services	0	0	10
Licenses, Permits and Fees	0	0	0
Intergovernmental	61,664	73,230	4,615
Interest	1,217	670	0
Other	9,484	0	7,608
<i>Total Receipts</i>	<u>123,300</u>	<u>73,900</u>	<u>44,636</u>
Disbursements			
Current:			
General Government	74,546	0	0
Public Safety	0	0	37,381
Public Works	0	70,880	0
Health	3,992	0	0
Capital Outlay	40,488	3,500	38,643
Debt Service:			
Principal Retirement	0	0	6,250
<i>Total Disbursements</i>	<u>119,026</u>	<u>74,380</u>	<u>82,274</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,274</u>	<u>(480)</u>	<u>(37,638)</u>
Other Financing Sources			
Sale of Capital Assets	2,285	0	5,100
Proceeds from Bonds	0	0	38,000
Other Financing Sources	6,895	0	1,128
<i>Total Other Financing Sources</i>	<u>9,180</u>	<u>0</u>	<u>44,228</u>
<i>Net Change in Fund Balances</i>	13,454	(480)	6,590
<i>Fund Balances Beginning of Year</i>	<u>72,170</u>	<u>34,203</u>	<u>30,483</u>
<i>Fund Balances End of Year</i>	<u><u>\$85,624</u></u>	<u><u>\$33,723</u></u>	<u><u>\$37,073</u></u>

See accompanying notes to the basic financial statements

Nature Works Project	Kitchen Project	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$18,556	\$101,894
0	0	0	10
0	0	200	200
42,942	40,677	18,459	241,587
0	0	26	1,913
0	0	6,568	23,660
42,942	40,677	43,809	369,264
0	0	24	74,570
0	0	0	37,381
0	0	15,088	85,968
0	0	11,412	15,404
37,513	40,677	4,661	165,482
0	0	0	6,250
37,513	40,677	31,185	385,055
5,429	0	12,624	(15,791)
0	0	0	7,385
0	0	0	38,000
0	0	0	8,023
0	0	0	53,408
5,429	0	12,624	37,617
0	0	16,337	153,193
\$5,429	\$0	\$28,961	\$190,810

Wayne Township, Adams 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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$53,000	\$53,000	\$73,230	\$20,230
Interest	0	0	670	670
<i>Total Receipts</i>	53,000	53,000	73,900	20,900
Disbursements				
Current:				
Public Works	73,614	73,614	70,880	2,734
Capital Outlay	3,500	3,500	3,500	0
<i>Total Disbursements</i>	77,114	77,114	74,380	2,734
<i>Excess of Receipts Over (Under) Disbursements</i>	(24,114)	(24,114)	(480)	23,634
<i>Net Change in Fund Balance</i>	(24,114)	(24,114)	(480)	23,634
<i>Fund Balance Beginning of Year</i>	34,203	34,203	34,203	0
<i>Fund Balance End of Year</i>	\$10,089	\$10,089	\$33,723	\$23,634

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$19,950	\$19,950	\$32,403	\$12,453
Charges for Services	0	0	10	10
Intergovernmental	4,914	3,664	4,615	951
Other	0	1,250	7,608	6,358
<i>Total Receipts</i>	24,864	24,864	44,636	19,772
Disbursements				
Current:				
Public Safety	47,585	85,585	75,381	10,204
Capital Outlay	4,500	4,500	643	3,857
Debt Service:				
Principal Retirement	0	0	6,250	(6,250)
<i>Total Disbursements</i>	52,085	90,085	82,274	7,811
<i>Excess of Receipts Over (Under) Disbursements</i>	(27,221)	(65,221)	(37,638)	27,583
Other Financing Sources				
Sale of Capital Assets	0	5,000	5,100	100
Bonds Issued	0	38,000	38,000	0
Other Financing Sources	0	0	1,128	1,128
<i>Total Other Financing Sources</i>	0	43,000	44,228	1,228
<i>Net Change in Fund Balance</i>	(27,221)	(22,221)	6,590	28,811
<i>Fund Balance Beginning of Year</i>	30,483	30,483	30,483	0
<i>Fund Balance End of Year</i>	\$3,262	\$8,262	\$37,073	\$28,811

See accompanying notes to the basic financial statements

Wayne Township, Adams County

Statement of Net Assets - Cash Basis

December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$153,193</u>
<i>Total Assets</i>	<u><u>\$153,193</u></u>
Net Assets	
Restricted for:	
Other Purposes:	
Road Maintenance	39,840
Fire Protection	30,483
Cemetery	9,449
Zoning	881
Recreation	170
Permanent Fund	200
Unrestricted	<u>72,170</u>
<i>Total Net Assets</i>	<u><u>\$153,193</u></u>

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$111,453	\$0	\$20	(\$111,433)
Public Safety	21,467	0	3,359	(18,108)
Public Works	71,470	130	76,108	4,768
Health	15,374	0	1,587	(13,787)
Capital Outlay	4,509	0	0	(4,509)
Total	\$224,273	\$130	\$81,074	(143,069)
General Receipts				
Property Taxes				87,208
Grants and Entitlements not Restricted to Specific Programs				27,221
Sale of Capital Assets				400
Interest				1,954
Miscellaneous				24,410
<i>Total General Receipts</i>				141,193
Change in Net Assets				(1,876)
<i>Net Assets Beginning of Year</i>				155,069
<i>Net Assets End of Year</i>				\$153,193

See accompanying notes to the basic financial statements

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

	General	Gasoline Tax	Fire District	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$72,170	\$34,203	\$30,483	\$16,337	\$153,193
<i>Total Assets</i>	<u>\$72,170</u>	<u>\$34,203</u>	<u>\$30,483</u>	<u>\$16,337</u>	<u>\$153,193</u>
Fund Balances					
Reserved:					
Reserved for Permanent Fund	\$0	\$0	\$0	\$200	\$200
Unreserved:					
Undesignated, Reported in:					
General Fund	72,170	0	0	0	72,170
Special Revenue Funds	0	34,203	30,483	16,137	80,823
<i>Total Fund Balances</i>	<u>\$72,170</u>	<u>\$34,203</u>	<u>\$30,483</u>	<u>\$16,337</u>	<u>\$153,193</u>

See accompanying notes to the basic financial statements

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

	General	Gasoline Tax	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$48,294	\$0	\$21,384	\$17,530	\$87,208
Charges for Services	0	0	280	0	280
Licenses, Permits and Fees	0	0	0	130	130
Intergovernmental	27,229	68,092	3,371	9,603	108,295
Interest	1,399	537	0	18	1,954
Other	12,581	0	4,482	4,690	21,753
<i>Total Receipts</i>	<u>89,503</u>	<u>68,629</u>	<u>29,517</u>	<u>31,971</u>	<u>219,620</u>
Disbursements					
Current:					
General Government	111,453	0	0	0	111,453
Public Safety	0	0	21,467	0	21,467
Public Works	0	60,093	0	11,377	71,470
Health	3,714	0	0	11,660	15,374
Capital Outlay	0	0	1,370	3,139	4,509
<i>Total Disbursements</i>	<u>115,167</u>	<u>60,093</u>	<u>22,837</u>	<u>26,176</u>	<u>224,273</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,664)</u>	<u>8,536</u>	<u>6,680</u>	<u>5,795</u>	<u>(4,653)</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets	0	0	400	0	400
Advances In	25	0	0	25	50
Advances Out	(25)	0	0	(25)	(50)
Other Financing Sources	60	0	2,317	0	2,377
<i>Total Other Financing Sources (Uses)</i>	<u>60</u>	<u>0</u>	<u>2,717</u>	<u>0</u>	<u>2,777</u>
<i>Net Change in Fund Balances</i>	<u>(25,604)</u>	<u>8,536</u>	<u>9,397</u>	<u>5,795</u>	<u>(1,876)</u>
<i>Fund Balances Beginning of Year</i>	<u>97,774</u>	<u>25,667</u>	<u>21,086</u>	<u>10,542</u>	<u>155,069</u>
<i>Fund Balances End of Year</i>	<u><u>\$72,170</u></u>	<u><u>\$34,203</u></u>	<u><u>\$30,483</u></u>	<u><u>\$16,337</u></u>	<u><u>\$153,193</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$44,600	\$44,600	\$48,294	\$3,694
Intergovernmental	24,100	24,100	27,229	3,129
Interest	0	0	1,399	1,399
Other	0	0	12,581	12,581
<i>Total Receipts</i>	68,700	68,700	89,503	20,803
Disbursements				
Current:				
General Government	162,281	162,281	111,453	50,828
Health	4,000	4,000	3,714	286
Capital Outlay	1,500	1,500	0	1,500
<i>Total Disbursements</i>	167,781	167,781	115,167	52,614
<i>Excess of Receipts Over (Under) Disbursements</i>	(99,081)	(99,081)	(25,664)	73,417
Other Financing Sources (Uses)				
Advances In	0	0	25	25
Advances Out	0	0	(25)	(25)
Other Financing Sources	0	0	60	60
<i>Total Other Financing Sources (Uses)</i>	0	0	60	60
<i>Net Change in Fund Balance</i>	(99,081)	(99,081)	(25,604)	73,477
<i>Fund Balance Beginning of Year</i>	97,774	97,774	97,774	0
<i>Fund Balance End of Year</i>	(\$1,307)	(\$1,307)	\$72,170	\$73,477

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$51,500	\$51,500	\$68,092	\$16,592
Interest	0	0	537	537
<i>Total Receipts</i>	51,500	51,500	68,629	17,129
Disbursements				
Current:				
Public Works	72,796	74,296	60,093	14,203
Capital Outlay	3,500	2,000	0	2,000
<i>Total Disbursements</i>	76,296	76,296	60,093	16,203
<i>Excess of Receipts Over (Under) Disbursements</i>	(24,796)	(24,796)	8,536	33,332
<i>Net Change in Fund Balance</i>	(24,796)	(24,796)	8,536	33,332
<i>Fund Balance Beginning of Year</i>	26,447	26,447	25,667	(780)
<i>Fund Balance End of Year</i>	\$1,651	\$1,651	\$34,203	\$32,552

See accompanying notes to the basic financial statements

*In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$22,000	\$22,000	\$21,384	(\$616)
Charges for Services	0	0	280	280
Intergovernmental	3,300	3,300	3,371	71
Other	0	0	4,482	4,482
<i>Total Receipts</i>	25,300	25,300	29,517	4,217
Disbursements				
Current:				
Public Safety	37,184	37,184	21,467	15,717
Capital Outlay	7,100	7,100	1,370	5,730
<i>Total Disbursements</i>	44,284	44,284	22,837	21,447
<i>Excess of Receipts Over (Under) Disbursements</i>	(18,984)	(18,984)	6,680	25,664
Other Financing Sources				
Sale of Capital Assets	0	0	400	400
Other Financing Sources	0	0	2,317	2,317
<i>Total Other Financing Sources</i>	0	0	2,717	2,717
<i>Net Change in Fund Balance</i>	(18,984)	(18,984)	9,397	28,381
<i>Fund Balance Beginning of Year</i>	21,086	21,086	21,086	0
<i>Fund Balance End of Year</i>	\$2,102	\$2,102	\$30,483	\$28,381

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Wayne Township, Adams 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 Township Fiscal Officer.

A. Primary Government

The primary government consists of all funds and departments that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, and emergency medical services.

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. 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Note 2 – Summary of Significant Accounting Policies (Continued)

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 all classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Township's major funds:

General Fund – The General Fund is the general operating fund. It 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.

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

Fire Levy Fund – The fire levy fund receives local taxes for providing and maintaining fire apparatus, appliances, building, and the payment of permanent, part-time, or volunteer firemen.

Nature Works Project (2005 only) – This fund received a grant from the Ohio Department of Natural Resources for the purpose of constructing a park within the Township.

Kitchen Project (2005 only) – This fund received a Community Development Block Grant for the purpose of renovating the kitchen in the community room.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

D. Budgetary Process

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

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

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

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

E. Cash and Investments

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

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 with an initial maturity of more than three months that were not purchased from the pool are reported as investments. 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 and 2004, the Township invested in nonnegotiable certificates of deposit. 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 and 2004 was \$1,913 and \$1,954, respectively, which includes \$696 and \$555, respectively, assigned from other Township funds.

Note 2 – Summary of Significant Accounting Policies (Continued)

F. 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.

G. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

I. 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.

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. Restricted net assets represent \$105,186 of a total fund balance of \$190,810 in 2005 and \$81,023 of a total fund balance of \$153,193 in 2004.

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 2C. 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.

Note 4 – Compliance

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures exceeded appropriations in the Fire Grant and Kitchen Project funds in 2005 and the Federal Emergency Management Fund in 2004.

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

Note 5 – 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 and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end in the General or major Special Revenue Funds.

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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

Note 6 - Deposits and Investments (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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.

Deposits

Custodial credit risk 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 fiscal year end 2005, \$117,009 of the Township's bank balance of \$217,009 was exposed to custodial credit risk, and at fiscal year end 2004, \$62,268 of the Township's bank balance of \$162,268 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

Note 7 - 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 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. 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.

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

Note7 – Property Taxes (Continued)

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, and are collected with real property taxes. Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility 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 tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005 and 2004, was \$8.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	<u>2004</u>	<u>2005</u>
Real Property		
Residential	\$6,371,680	\$7,616,680
Agriculture	4,832,080	4,443,040
Commercial/Industrial/Mineral	681,390	844,910
Public Utility Property		
Personal	1,295,330	1,364,930
Tangible Personal Property	609,260	811,780
Total Assessed Value	<u>\$13,789,740</u>	<u>\$15,081,340</u>

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

Note 8 – 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 and 2004 the Township contracted with EMC Insurance Companies to provide property, liability, inland marine, automobile and wrongful acts coverage. Coverage provided is as follows:

Liability	\$1,000,000 / \$3,000,000	Per Occurrence / Aggregate
Automobile	\$1,000,000	Per Occurrence
Inland Marine	\$152,151	Per Occurrence
Property	\$609,871	Total Limit
Wrongful Acts	\$1,000,000 / \$1,000,000	Each Loss / Aggregate

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. This rate is based on accident history and administrative costs.

Note 9 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

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

For the years ended December 31, 2005 and 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 and 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$4,702, \$4,569, and \$4,430, respectively. The full amount has been contributed for 2005, 2004, and 2003.

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

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,969. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

Note 11 – Debt

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Firetruck Acquisition Bonds	<u>\$31,750</u>	5.0%

On December 1, 2005, the Township issued Firetruck Acquisition general obligation bonds in the amount of \$38,000 to First State Bank of Adams County for the purpose of purchasing a fire truck. The loan was issued for a five year period with final maturity during fiscal year 2009. The loan will be retired from the Fire Fund.

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

Note 11 – Debt (Continued)

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

Year ending December 31:	Firetruck Acquisition Bonds
2006	\$4,184
2007	10,709
2008	10,716
2009	10,720
Total	<u><u>\$36,329</u></u>



**Auditor of State
Betty Montgomery**

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

Wayne Township
Adams County
75 State Route 137
Cherry Fork, Ohio 45618

To the Board of Trustees:

We have audited the financial statements of Wayne Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated December 18, 2006, in which we qualified on the General and Fire District Funds miscellaneous receipts for lack of supporting documentation in 2004 and 2005. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. Except for the restrictions on the scope of our audit of general and fire district fund miscellaneous receipts, 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 the Township's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 and 2005-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2005-001 listed above to be a material weakness. In a separate letter to the Township's management dated December 18, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-002 and 2005-003. In a separate letter to the Township's management dated December 18, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 18, 2006

WAYNE TOWNSHIP
ADAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004

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

FINDING NUMBER 2005-001

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should ensure that accounting records are properly designed and assets and records are adequately secured.

The following weaknesses were noted during the testing of miscellaneous receipts:

- Patrons renting the gymnasium and community room were not required to sign a contract with the Township, additionally no documentation was maintained to support the validity and completeness of the rental income.
- Duplicate receipts were not written and provided to patrons renting the gymnasium and community room,
- No documentation was maintained to support the number of meals tickets sold for Fire Department fundraisers.

As a result of the above weaknesses, we were unable to obtain sufficient information regarding the receipts recorded for the General Fund rental receipts or the Fire Fund fundraiser receipts and have expressed no opinion on these receipts. Failure to maintain documentation for rental and fundraiser receipts could result in misappropriation of receipts. To improve accountability over miscellaneous receipts, we recommend the following controls be implemented:

- A contract should be signed by the renter and a Township representative. The contract should include the building being used, the rate, and the number of hours rented. It should also include the responsibilities and liabilities of the patron.
- When rent is received, a duplicate receipt should be written. A copy should be given to the patron and one should be kept for township records.
- Tickets should be maintained for each meal ticket sold. At the end of the event, tickets sold should be reconciled with the amount of cash collected. Any expenses should be documented and a net profit determined.

FINDING NUMBER 2005-002

Material Noncompliance / Reportable Condition

Ohio Revised Code, Section 5705.41(B), provides, that no subdivision or taxing unit is to expend money unless it has been properly appropriated. Expenditures exceeded appropriations in the following funds:

Year	Fund	Appropriations	Expenditures	Variance
2005	Fire Grant	\$ -	\$ 98,168	\$ (98,168)
2005	Kitchen Project	-	40,677	(40,677)
2004	Federal Emergency Management Agency	-	1,040	(1,040)

Failure to limit expenditures to appropriations may result in overspending and negative fund balances. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. We also reported this matter in our management letter of the 2002 and 2003 financial statements.

FINDING NUMBER 2005-003

Material Noncompliance

Ohio Revised Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision’s fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now” certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**FINDING NUMBER 2005-003
(Continued)**

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Contrary to the above requirement, the availability of funds was not certified for 19% (17% in 2004 and 21% in 2005) of the expenditures tested. Of the failed transactions 39% had then and now language on the purchase orders. However, the expenditures were over \$3,000 and were not specifically approved by the legislative authority by resolution. We recommend expenditures receive prior certification, however in instances where this is not practical we recommend then and now certificates over \$3,000 be approved by resolution by legislative authority. Additionally, material unrecorded liabilities were noted during testing. The trial balances reflect these adjustments. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements.

The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

We did not receive a response from Officials to the findings reported above.



**Auditor of State
Betty Montgomery**

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WAYNE TOWNSHIP

ADAMS 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
JANUARY 11, 2007**