



**WAYNE TOWNSHIP
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008-2007



Mary Taylor, CPA
Auditor of State

WAYNE TOWNSHIP
PICKAWAY COUNTY

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Mary Taylor, CPA
Auditor of State

Wayne Township
Pickaway County
24737 State Route 104
Circleville, Ohio 43113

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 6, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wayne Township
Pickaway County
24737 State Route 104
Circleville, Ohio 43113

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Pickaway County, Ohio (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Wayne Township, Pickaway County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2009, 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.



Mary Taylor, CPA
Auditor of State

August 6, 2009

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$11,451	\$11,470	\$0	\$22,921
Intergovernmental	19,117	96,767	139,722	255,606
Special Assessments	0	0	0	0
Licenses, Permits, and Fees	2,162	0	0	2,162
Earnings on Investments	2,130	5,952	0	8,082
Miscellaneous	16	443	0	459
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	34,876	114,632	139,722	289,230
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	54,453	11,762	0	66,215
Public Safety	18,559	0	0	18,559
Public Works	0	71,308	0	71,308
Health	231	0	0	231
Capital Outlay	0	0	139,722	139,722
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	73,243	83,070	139,722	296,035
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(38,367)	31,562	0	(6,805)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	73,157	247,303	0	320,460
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$34,790</u>	<u>\$278,865</u>	<u>\$0</u>	<u>\$313,655</u>

The notes to the financial statements are an integral part of this statement.

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$11,694	\$11,836	\$23,530
Intergovernmental	19,835	97,605	117,440
Special Assessments	0	0	0
Licenses, Permits, and Fees	1,974	0	1,974
Earnings on Investments	4,419	10,316	14,735
Miscellaneous	1,052	0	1,052
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	38,974	119,757	158,731
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	41,074	17,851	58,925
Public Safety	23,630	0	23,630
Public Works	0	71,323	71,323
Total Cash Disbursements	<hr/>	<hr/>	<hr/>
	64,704	89,174	153,878
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(25,730)	30,583	4,853
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	98,887	216,720	315,607
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$73,157</u>	<u>\$247,303</u>	<u>\$320,460</u>

The notes to the financial statements are an integral part of this statement.

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Wayne Township, Pickaway County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Williamsport to provide fire services and Pickaway Plains Ambulance Service to provide ambulance services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads. A portion of the Trustees' salaries were also paid out of this fund.

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies

D. Fund Accounting (Continued)

3. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following capital project fund:

Public Works Commission Project Fund – To account for grant proceeds received from the Ohio Public Works Commission to finance a portion of the cost to resurface and make improvements on Sisk Road.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2008	2007
Demand deposits	\$151,027	\$157,832
Certificates of deposit	162,628	162,628
Total deposits	313,655	320,460

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,322	\$34,876	(\$4,446)
Special Revenue	100,748	114,632	13,884
Capital Projects	139,722	139,722	0
Total	\$279,792	\$289,230	\$9,438

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,000	\$73,243	\$45,757
Special Revenue	319,028	83,070	235,958
Capital Projects	139,722	139,722	0
Total	\$577,750	\$296,035	\$281,715

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,956	\$38,974	(\$1,982)
Special Revenue	98,105	119,757	21,652
Total	\$139,061	\$158,731	\$19,670

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,500	\$64,704	\$75,796
Special Revenue	235,000	89,174	145,826
Total	\$375,500	\$153,878	\$221,622

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Risk Pool Membership (Continued)

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$1,291. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Risk Pool Membership (Continued)

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

Contributions to OTARMA	
2006	\$1,709
2007	\$1,372
2008	\$1,373

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Mary Taylor, CPA

Auditor of State

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

Wayne Township
Pickaway County
24737 State Route 104
Circleville, Ohio 43113

To the Township Board of Trustees:

We have audited the financial statements of Wayne Township, Pickaway County, Ohio (the Township) as of and for the year ended December 31, 2008 and 2007, and have issued our report thereon dated August 6, 2009, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted 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. 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 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 through 2008-003 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe findings number 2008-001 through 2008-003 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated August 6, 2009.

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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 6, 2009.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 6, 2009

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Non-Compliance/Material Weakness – Allocation of Interest Receipts

Ohio Const. Art. XII, Section 5a and 1982 Op. Atty Gen. No. 82-031 require that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.

All interest earnings for both 2008 and 2007 were posted to the General Fund. The following table indicates the amounts that should have been allocated to the various funds:

Year	Fund	Interest Earned
2008	Motor Vehicle License Fund	\$307
	Gasoline Tax Fund	2,593
	Road & Bridge Fund	562
	Permissive Motor Vehicle License Fund	430
	Total	<u><u>\$3,892</u></u>
2007	Motor Vehicle License Fund	\$662
	Gasoline Tax Fund	4,145
	Road & Bridge Fund	844
	Permissive Motor Vehicle License Fund	792
	Total	<u><u>\$6,443</u></u>

The Township did not have adequate internal controls in place to prevent the above mis-postings.

The Township has made adjustments to its accounting records and financial statements to properly allocate the above amounts.

We recommend interest revenue to be allocated in accordance with applicable statutory requirements on a monthly basis during the reconciliation process.

FINDING NUMBER 2008-002

Material Non-Compliance/Material Weakness – Proper Use of Restricted Funds

Ohio Revised Code 5705.10 (D) states that revenue from sources other than the general property tax, unless its use for a particular purpose is prescribed by law is to be deposited into the General Fund. All revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund.

Ohio Rev. Code 5735.27 (A)(5)(d) states that expenditures within the gas tax fund should be for the planning, constructing, maintaining, widening and reconstructing of public roads and highways within the township or paying principal & interest and charges on related obligations incurred.

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-002 (Continued)

Material Non-Compliance/Material Weakness – Proper Use of Restricted Funds (Continued)

The Township expended \$15,759 in 2008 and \$14,884 in 2007 from its Gas Tax Fund for payments related to its fire and emergency medical services contracts. These expenditures were not allowable Gas Tax Fund expenditures within the meaning of Ohio Rev. Code 5735.27 as noted above, and would have been more appropriately paid from the Township's General Fund.

The Township did not have adequate internal controls in place to prevent these mis-postings. The Township has posted adjustments to its accounting records and financial statements to correct these expenditures.

We recommend that only allowable expenditures be posted to the Township's Gas Tax Fund.

FINDING NUMBER 2008-003

Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and the Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

The following adjustments were made to the Township's December 31, 2008 financial statements and, where applicable, the accounting records:

- 1) An audit adjustment to reclassify expenditures for fire and emergency medical services to the general fund rather than from the Gas Tax fund in the amount of \$15,759. See Finding 2008-002.
- 2) An audit adjustment to allocate interest earnings of \$3,892 from the general fund to various special revenue funds. See Finding 2008-001.
- 3) Entries in the capital projects fund type to reduce intergovernmental revenue by \$49,208, and to reclassify \$49,208 of expenditures from public works to capital outlay; the Township's share of an OPWC project was recorded twice.
- 4) An audit adjustment in the General Fund for \$2,090 to record zoning fees collected in December 2008, but not posted to the UAN system until January 2009.

The following adjustments were made to the Township's December 31, 2007 financial statements and, where applicable, the accounting records:

- 1) An audit adjustment to reclassify expenditures for fire and emergency medical services to the general fund rather than from the Gas Tax fund in the amount of \$14,884. See Finding 2008-002.

WAYNE TOWNSHIP
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

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

FINDING NUMBER 2008-003 (Continued)

Significant Deficiency/Material Weakness – Financial Reporting (Continued)

- 2) An audit adjustment to allocate interest earnings of \$6,443 from the general fund to various special revenue funds. See Finding 2008-001.

The following misstatements were inconsequential to the overall financial statements of the Township and are not reflected on the December 31, 2008 financial statements:

1. An adjustment to the General Fund to record \$1,926 of interest on a CD that had matured and was re-invested.
2. An entry to the General Fund for \$1,330 to reduce Property and Other Local Taxes and increase Intergovernmental Receipts to reclassify rollback receipts which were misclassified.
3. A reclassification entry in the Special Revenue Funds for \$443 to reduce Miscellaneous Receipts and increase Intergovernmental Receipts to reclassify personal property tax replacement.

The following misstatements were inconsequential to the overall financial statements of the Township and are not reflected on the December 31, 2007 financial statements:

1. An adjustment to the General Fund to record \$1,116 of interest on a CD that had matured and was re-invested.

The adjustments and reclassifications identified above should be reviewed by the Fiscal Officer to ensure that similar errors are not reported on financial statements in subsequent years. In addition, we recommend the Township adopt procedures to review of the financial activity posted to the accounting records and subsequent financial statements.

Officials' Response:

We did not receive responses from officials to any of the above findings.

**WAYNE TOWNSHIP
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code 5705.10 – Township Trustees' insurance reimbursements were credited to the General Fund, but Gas Tax Fund had paid original expenditures.	Yes	
2006-002	Ohio Rev. Code 505.601 – Township reimbursed Trustees for health insurance but had not adopted a resolution containing required information.	Yes	
2006-003	Ohio Rev. Code 505.24(C) – Township did not adopt a resolution providing for payment of salaries from funds other than the General Fund.	Yes	



Mary Taylor, CPA
Auditor of State

WAYNE TOWNSHIP

PICKAWAY 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
SEPTEMBER 22, 2009**