

WAYNE TOWNSHIP
CHAMPAIGN COUNTY
REGULAR AUDIT

January 01, 2008 through December 31, 2009

Years Audited Under GAGAS: 2008 and 2009

CAUDILL & ASSOCIATES, CPA'S
725 5TH Street
Portsmouth, OH 45662



Mary Taylor, CPA

Auditor of State

Board of Trustees
Wayne Township
5666 Black Road
Cable, Ohio 43009

We have reviewed the *Independent Auditor's Report* of Wayne Township, Champaign County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Wayne Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 9, 2010

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**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2009	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2008	4
Notes to the Financial Statements.....	5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	12
Schedule of Audit Findings and Responses.....	14
Schedule of Prior Audit Findings	17



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Independent Auditor's Report

Wayne Township
Champaign County
5666 Black Rd.
Cable, Ohio 43009

To the Township Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Champaign County, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Wayne Township, Champaign County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Wayne Township
Champaign County

Independent Auditor's Report (Continued)

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 May 20, 2010, 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.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

May 20, 2010

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<u>Cash Receipts:</u>				
Property and Local Taxes	\$ 31,874	\$ 146,683	\$ -	\$ 178,557
Licenses, Permits, and Fees	4,103	5,008	-	9,111
Intergovernmental	58,440	123,183	-	181,623
Earnings on Investments	741	-	-	741
Miscellaneous	-	132	-	132
	<u>95,158</u>	<u>275,006</u>	<u>-</u>	<u>370,164</u>
Total Cash Receipts				
	95,158	275,006	-	370,164
<u>Cash Disbursements:</u>				
Current:				
General Government	48,115	-	-	48,115
Public Works	-	170,888	-	170,888
Health	9,100	3,780	-	12,880
Debt Service:				
Redemption of Principal	-	-	15,145	15,145
Interest and Fiscal Charges	-	-	3,821	3,821
	<u>57,215</u>	<u>174,668</u>	<u>18,966</u>	<u>250,849</u>
Total Cash Disbursements				
	57,215	174,668	18,966	250,849
Total Receipts Over/(Under) Disbursements	<u>37,943</u>	<u>100,338</u>	<u>(18,966)</u>	<u>119,315</u>
<u>Other Financing Receipts / (Disbursements):</u>				
Transfers-In	-	-	20,000	20,000
Transfers-Out	(5,000)	(15,000)	-	(20,000)
Advances-In	5,000	-	-	5,000
Advances-Out	-	(5,000)	-	(5,000)
Other Financing Sources	3,273	-	-	3,273
Other Financing Uses	(3,450)	-	-	(3,450)
	<u>(177)</u>	<u>(20,000)</u>	<u>20,000</u>	<u>(177)</u>
Total Other Financing Receipts / (Disbursements)				
	(177)	(20,000)	20,000	(177)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	37,766	80,338	1,034	119,138
Fund Cash Balances, January 1	<u>(15,135)</u>	<u>46,518</u>	<u>1,428</u>	<u>32,811</u>
Fund Cash Balances, December 31	<u>\$ 22,631</u>	<u>\$ 126,856</u>	<u>\$ 2,462</u>	<u>\$ 151,949</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$6,149</u>	<u>\$0</u>	<u>\$6,149</u>

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

**WAYNE TOWNSHIP
CHAMPAIGN 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>Debt Service</u>	
<u>Cash Receipts:</u>				
Property and Local Taxes	\$ 33,536	\$ 154,392	\$ -	\$ 187,928
Licenses, Permits, and Fees	4,108	900	-	5,008
Intergovernmental	17,671	126,000	-	143,671
Earnings on Investments	4,520	783	-	5,303
Miscellaneous	-	2,025	-	2,025
	<u>59,835</u>	<u>284,100</u>	<u>-</u>	<u>343,935</u>
<u>Cash Disbursements:</u>				
Current:				
General Government	106,770	-	-	106,770
Public Works	-	427,924	-	427,924
Health	10,518	3,600	-	14,118
Debt Service:				
Redemption of Principal	-	-	14,786	14,786
Interest and Fiscal Charges	-	-	4,403	4,403
	<u>117,288</u>	<u>431,524</u>	<u>19,189</u>	<u>568,001</u>
Total Receipts Over/(Under) Disbursements	<u>(57,453)</u>	<u>(147,424)</u>	<u>(19,189)</u>	<u>(224,066)</u>
<u>Other Financing Receipts / (Disbursements):</u>				
Transfers-In	-	-	20,000	20,000
Transfers-Out	(5,000)	(15,000)	-	(20,000)
Advances-In	-	5,000	-	5,000
Advances-Out	(5,000)	-	-	(5,000)
Other Financing Sources	2,721	-	-	2,721
Other Financing Uses	(4,000)	-	-	(4,000)
	<u>(11,279)</u>	<u>(10,000)</u>	<u>20,000</u>	<u>(1,279)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(68,732)	(157,424)	811	(225,345)
Fund Cash Balances, January 1	<u>53,597</u>	<u>203,942</u>	<u>617</u>	<u>258,156</u>
Fund Cash Balances, December 31	<u>\$ (15,135)</u>	<u>\$ 46,518</u>	<u>\$ 1,428</u>	<u>\$ 32,811</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$3,195</u>	<u>\$0</u>	<u>\$3,195</u>

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

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 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 the Wayne Township, Champaign 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, and fire protection. The Township contracts with the Northeast Fire District to provide fire services.

The Township participates in a jointly governed organization and a public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization

The Township participates with Salem Township in the Mt. Carmel Cemetery (See Note 8). The residents of the Township support the Mount Carmel Cemetery through a tax levy. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by Salem and Wayne Townships. All financial records are maintained by the Mt. Carmel Cemetery Board. Wayne Township has no financial responsibility separate from this Board.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 7 to the financial statements provides additional information for this entity.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. CASH 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. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

General Fund

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

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 Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Road District Fund - This fund receives property tax money from a road levy for constructing, maintaining, and repairing Township roads.

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

Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund.

Debt Service Fund - This fund accumulates resources to retire principal and interest payments for general obligation notes of the Township meeting hall and garage.

E. BUDGETARY PROCESS

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

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. Unencumbered appropriations lapse at year end.

Estimated Resources

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

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 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.

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	<u>\$151,949</u>	<u>\$32,811</u>

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

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,399	\$103,431	\$9,032
Special Revenue	279,800	275,006	(4,794)
Debt Service	20,000	20,000	0
Total	<u>\$394,199</u>	<u>\$398,437</u>	<u>\$4,238</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,984	\$65,665	\$1,319
Special Revenue	319,582	200,817	118,765
Debt Service	20,000	18,966	1,034
Total	<u>\$406,566</u>	<u>\$285,448</u>	<u>\$121,118</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,759	\$62,556	(\$3,203)
Special Revenue	312,009	289,100	(22,909)
Debt Service	20,600	20,000	(600)
Total	<u>\$398,368</u>	<u>\$371,656</u>	<u>(\$26,712)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,150	\$131,288	(\$138)
Special Revenue	526,283	449,719	76,564
Debt Service	40,000	19,189	20,811
Total	<u>\$697,433</u>	<u>\$600,196</u>	<u>\$97,237</u>

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 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.

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

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.

NOTE 5 - DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$64,351	4.86%
Total	\$64,351	

In 2003, the Township issued general obligation notes to finance the purchase of a new Township meeting hall and garage for Township road maintenance. The Township's taxing authority collateralized the bonds.

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

Year Ended December 31,	General Obligation Notes
2010	18,264
2011	17,877
2012	17,482
2013	17,077
Total	70,700

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 6 - RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

NOTE 7 - RISK MANAGEMENT

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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective 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, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Retained Earnings	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 futures years is approximately \$35,000.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 7 - RISK MANAGEMENT (Continued)

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

Contributions to OTARMA

2008	\$4,083
2009	\$3,704

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.

NOTE 8 - JOINTLY GOVERNED ORGANIZATIONS

The Township participates in one jointly governed organization with Salem Township handling Mt. Carmel Cemetery. The residents of the Township support the Mount Carmel Cemetery through a tax levy. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by Salem and Wayne Townships. All financial records are maintained by the Mt. Carmel Cemetery Board. Wayne Township has no financial responsibility separate from this Board.

NOTE 9 - COMPLIANCE

Contrary to Ohio Rev. Code Section 5705.10, General Fund had negative fund balance as of 12/31/2008.

Contrary to Ohio Rev. Code Section 5705.36(A) (2), appropriations exceeded total available for appropriation in the General Fund, Motor Vehicle License Tax Fund, Cemetery Fund, Road District Fund, Permissive Motor Vehicle License Fund, and Miscellaneous Debt Service Fund in 2008, and Motor Vehicle License Tax Fund and Gasoline Tax Fund in 2009.

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded total estimated resources in the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Road District Fund and Miscellaneous Debt Service Fund in 2008 and Gasoline Tax Fund in 2009.

Contrary to Ohio Rev. Code Section 4123.01, the Township did not report the Clerk's and Trustees' compensation on Bureau of Workers Compensation report and Form 941 in 2009.

NOTE 10 – CONTINGENT LIABILITIES

The Township and its Zoning Inspector are defendants in lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial conditions.



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Wayne Township
Champaign County
5666 Black Rd.
Cable, Ohio 43009

To the Township Board of Trustees:

We have audited the financial statements of Wayne Township, Champaign County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 20, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings and Responses we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying Schedule of Findings and Responses to be a material weakness.

Wayne Township
Champaign County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Continued)

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 four instances of noncompliance or other matters we must report under Township Auditing Standards which are described in the accompanying Schedule of Findings and Responses as items No. 2009-002, No. 2009-003, No. 2009-004, and No. 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 20, 2010.

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

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

Caudill & Associates, CPA's

Caudill & Associates, CPA's

May 20, 2010

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

Finding Number 2009-001

Material Weakness – Misclassification of Receipts and Debt Payments

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditor during a financial statements audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

During 2009 and 2008, the Township erroneously posted receipts and debt payments to the incorrect accounts. This required reclassifications to properly present the activity of the Township for both years.

We recommend the Township implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Township Responses:

The Township will attempt to implement such procedures as recommended.

Finding Number 2009-002

Noncompliance Citation – Negative Fund Balance

Ohio Revised Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

The Township had negative fund balance in General Fund in 2008 with the amount of \$15,135 as of December 31, 2008. All Township fund cash balances at December 31, 2009 were positive.

We recommend the Township monitor fund balances to guarantee that expenditures are supported by appropriate levels of available funds. If there are negative fund balances noted, the Board should make an approved transfer of advance of funds to cover the necessary expenditures.

Township Responses:

The Township will ensure closer monitor toward fund balances.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-003

Noncompliance Citation – Appropriations in Excess of Available Resources

Ohio Revised Code Section 5705.36 (A) (2), allows all subdivisions to request increased amended certificates of estimated resources or reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. **Ohio Revised Code Section 5705.36 (A) (3)** requires obtaining amended certificates from the budget commission if the legislative authority intends to appropriate and expend excess revenues. **Ohio Revised Code Section 5705.36 (A) (4)** requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Township had appropriations exceeded total available for appropriation in the General Fund, Motor Vehicle License Tax Fund, Cemetery Fund, Road District Fund, Permissive Motor Vehicle License Fund, and Miscellaneous Debt Service Fund in 2008, and Motor Vehicle License Tax Fund and Gasoline Tax Fund in 2009.

We recommend that the Township should develop procedures to better monitor its budget and estimated resources, and to increase or reduce estimated revenues and appropriations before expending more than its available resources for any fund.

Township Responses:

The Township will have closer monitor toward appropriation and estimated resources and file necessary amendments as needed.

Finding Number 2009-004

Noncompliance Citation – Appropriations in Excess of Estimated Resources

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Township had appropriations exceeded total estimated resources in the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Road District Fund and Miscellaneous Debt Service Fund in 2008 and Gasoline Tax Fund in 2009.

We recommend that the Township ensure the estimated resources are sufficient to cover appropriation at the time of certification or amendment.

Township Responses:

The Township will ensure requirements are met.

WAYNE TOWNSHIP
CHAMPAIGN COUNTY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

Finding Number 2009-005

Noncompliance Citation – Reportable Wages

Ohio Revised Code 4123.01 defines that the word “employee” as it is used in the workers’ compensation act and provides that an employee shall mean every person in the service of the township including elected officials of the township. **Internal Revenue Service (IRS) Publication 15 (2010), (Circular E), Employer’s Tax Guide** requires that entities need to report all reportable wages in the Employer’s Quarterly Federal Tax Returns Form 941.

Wages reported on Bureau of Workers Compensation report and Form 941 in 2009 did not include the Clerk’s and Trustees’ compensation.

We recommend the Township report all wages paid during the year as required.

Township Responses:

The Township will ensure to report all reportable wages.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding # 2007-001	Cash Reconciliation	Partial	Reissued as Finding No. 2009-001 and in Management Letter
Finding # 2007-002	Non-compliance with ORC Section 505.24 (C)	Yes	N/A
Finding # 2007-003	Non-compliance with Article XII, Section 5a, Ohio Const. and 1982 Op. Atty Gen. No. 82-031	Yes	N/A
Finding # 2007-004	Check Register	Partial	Management Letter
Finding # 2007-005	Non-compliance with ORC Section 5705.39	No	Reissued as Finding No. 2009-004



Mary Taylor, CPA
Auditor of State

WAYNE TOWNSHIP

CHAMPAIGN 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
JUNE 22, 2010**