

Wayne Township

Champaign County

January 1, 2012 through December 31, 2013

Years Audited Under GAGAS: 2013 and 2012



**Caudill & Associates, CPA**

P.O. Box 751, South Shore, KY 41175





# Dave Yost • Auditor of State

Board of Trustees  
Wayne Township  
6137 Urbana Woodstock Pike  
Cable, Ohio 43009

We have reviewed the *Independent Auditor's Report* of Wayne Township, Champaign County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2012 through December 31, 2013. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## Finding For Recovery – Repaid While Under Audit

**Ohio Rev. Code Section 507.09** provides that a township fiscal officer's maximum annual compensation is determined by the township budget. The term "budget " as used in Ohio Rev..Code 507.09 for purposes of determining the authorized compensation of the fiscal officer, is based upon the official certificate of estimated resources, and any amended official certificates, received from the county budget commission. (1979 Op. Att'y Gen. No. 79-006). Budget must be interpreted as the amount of money that the budget commission certifies that the township would have available for expenditures during the fiscal year, as shown on its latest amended official certificate of estimated resources. 1992 Op. Att'y Gen. No. 92-003, 1999 Op. Att'y Gen. No. 99-015.

During 2012 and 2013, Mark Reid was the fiscal officer.

| Name              | Budget Amount | Allowabl e Pay per the ORC | Actual Pay | Overpayment Amount |
|-------------------|---------------|----------------------------|------------|--------------------|
| 2012 - Mark Reid  | \$433,320     | \$12,733                   | \$13,761   | \$1,028            |
| 2013 - Mark Reid  | 458,187       | 12,733                     | 13,761     | 1,028              |
| Total Overpayment |               |                            |            | \$2,056            |

Board of Trustees  
Wayne Township  
6137 Urbana Woodstock Pike  
Cable, Ohio 43009  
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In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Mark Reid, fiscal officer, in the amount of \$2,056, in favor of the Wayne Township, Champaign County General Fund.

Upon notification of the error, Mark Reid repaid the township \$2,056 on December 5, 2014.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost  
Auditor of State

March 16, 2015

WAYNE TOWNSHIP  
CHAMPAIGN COUNTY

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*For the Years Ended December 31, 2013 and 2012*

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# Caudill & Associates, CPA

P.O. Box 751, South Shore, KY 41175

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## Independent Auditor's Report

Wayne Township  
Champaign County  
6137 Urbana Woodstock Pike  
Cable, Ohio 43009

To the Township Board of Trustees:

### Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Wayne Township, Champaign County, (the Township), as of and for the years ended December 31, 2013 and 2012.

### Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Wayne Township, Champaign County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

*Caudill & Associates, CPA*

Caudill & Associates, CPA  
December 10, 2014

**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, 2013**

|  | <u>Governmental Fund Types</u> |                            |                         | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|-------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> |   |
| <b><u>Cash Receipts:</u></b>   |                                |                            |                         |   |
| Property and Local Taxes   | \$ 35,711                      | \$ 165,237                 | \$ -                    | \$ 200,948                              |
| Licenses, Permits, and Fees  | 3,916                          | 3,582                      | -                       | 7,498                                   |
| Intergovernmental  | 11,710                         | 118,899                    | -                       | 130,609                                 |
| Earnings on Investments  | 203                            | -                          | -                       | 203                                     |
| Miscellaneous  | -                              | -                          | -                       | -                                       |
|  | <u>51,540</u>                  | <u>287,718</u>             | <u>-</u>                | <u>339,258</u>                          |
| <b><u>Cash Disbursements:</u></b>  |                                |                            |                         |   |
| <b>Current:</b>  |                                |                            |                         |   |
| General Government   | 42,303                         | -                          | -                       | 42,303                                  |
| Public Works   | -                              | 226,995                    | -                       | 226,995                                 |
| Health   | 4,655                          | 1,378                      | -                       | 6,033                                   |
| <b>Debt Service:</b>   |                                |                            |                         |   |
| Redemption of Principal  | 4,918                          | 13,998                     | -                       | 18,916                                  |
| Interest and Fiscal Charges  | 121                            | 344                        | -                       | 465                                     |
|  | <u>51,997</u>                  | <u>242,715</u>             | <u>-</u>                | <u>294,712</u>                          |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | (457)                          | 45,003                     | -                       | 44,546                                  |
| Fund Cash Balances, January 1  | <u>1,431</u>                   | <u>126,853</u>             | <u>3,242</u>            | <u>131,526</u>                          |
| Fund Cash Balance, December 31   |                                |                            |                         |   |
| Restricted   | -                              | 171,856                    | -                       | 171,856                                 |
| Assigned   | -                              | -                          | 3,242                   | 3,242                                   |
| Unassigned (Deficit)   | <u>974</u>                     | <u>-</u>                   | <u>-</u>                | <u>974</u>                              |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$ 974</u></b>           | <b><u>\$ 171,856</u></b>   | <b><u>\$ 3,242</u></b>  | <b><u>\$ 176,072</u></b>                |

*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, 2012**

|  | <u>Governmental Fund Types</u> |                            |                         | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|-------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> |   |
| <b><u>Cash Receipts:</u></b>   |                                |                            |                         |   |
| Property and Local Taxes   | \$ 33,044                      | \$ 160,516                 | \$ 41                   | \$ 193,601                              |
| Licenses, Permits, and Fees  | 5,968                          | 2,822                      | -                       | 8,790                                   |
| Intergovernmental  | 13,168                         | 126,138                    | -                       | 139,306                                 |
| Earnings on Investments  | 223                            | -                          | -                       | 223                                     |
| Miscellaneous  | -                              | 748                        | -                       | 748                                     |
|  | <u>52,403</u>                  | <u>290,224</u>             | <u>41</u>               | <u>342,668</u>                          |
| <b><u>Cash Disbursements:</u></b>  |                                |                            |                         |   |
| <b>Current:</b>  |                                |                            |                         |   |
| General Government   | 48,575                         | -                          | -                       | 48,575                                  |
| Public Works   | -                              | 212,722                    | -                       | 212,722                                 |
| Health   | 9,583                          | 2,086                      | -                       | 11,669                                  |
| <b>Debt Service:</b>   |                                |                            |                         |   |
| Redemption of Principal  | 3,938                          | 11,207                     | -                       | 15,145                                  |
| Interest and Fiscal Charges  | 219                            | 623                        | 451                     | 1,293                                   |
|  | <u>62,315</u>                  | <u>226,638</u>             | <u>451</u>              | <u>289,404</u>                          |
| Total Receipts Over/(Under) Disbursements  | <u>(9,912)</u>                 | <u>63,586</u>              | <u>(410)</u>            | <u>53,264</u>                           |
| <b><u>Other Financing Receipts / (Disbursements):</u></b>  |                                |                            |                         |   |
| Other Financing Sources  | <u>1,794</u>                   | <u>-</u>                   | <u>-</u>                | <u>1,794</u>                            |
| Total Other Financing Receipts / (Disbursements)   | <u>1,794</u>                   | <u>-</u>                   | <u>-</u>                | <u>1,794</u>                            |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | (8,118)                        | 63,586                     | (410)                   | 55,058                                  |
| Fund Cash Balances, January 1  | <u>9,549</u>                   | <u>63,267</u>              | <u>3,652</u>            | <u>76,468</u>                           |
| Fund Cash Balance, December 31   |                                |                            |                         |   |
| Restricted   | -                              | 126,853                    | -                       | 126,853                                 |
| Assigned   | -                              | -                          | 3,242                   | 3,242                                   |
| Unassigned (Deficit)   | 1,431                          | -                          | -                       | 1,431                                   |
|  | <u>1,431</u>                   | <u>-</u>                   | <u>-</u>                | <u>1,431</u>                            |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$ 1,431</u></b>         | <b><u>\$ 126,853</u></b>   | <b><u>\$ 3,242</u></b>  | <b><u>\$ 131,526</u></b>                |

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

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 with Salem Township in the Mt. Carmel Cemetery (See Note 9). 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 Township. All financial records are maintained by the Mt. Carmel Cemetery Board. Wayne Township has no financial responsibility separate from this Board.

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

**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.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**D. Fund Accounting (Continued)**

**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 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 for constructing, maintaining, and repairing Township roads.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Unencumbered 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 2013 and 2012 budgetary activity appears in Note 3.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**G. 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.

**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:

|                 |           |           |
|-----------------|-----------|-----------|
|                 | 2013      | 2012      |
| Demand deposits | \$176,072 | \$131,526 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

| 2013 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$61,182             | \$51,540           | (\$9,642)  |
| Special Revenue                   | 288,574              | 287,718            | (856)      |
| Debt Service                      | 2,060                | -                  | (2,060)    |
| Total                             | \$351,816            | \$339,258          | (\$12,558) |

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$60,069                   | \$51,997                  | \$8,072  |
| Special Revenue                                       | 265,277                    | 242,715                   | 22,562   |
| Debt Service  | 2,575                      | -                         | 2,575    |
| Total   | \$327,921                  | \$294,712                 | \$33,209 |

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

| 2012 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$44,000             | \$54,197           | \$10,197 |
| Special Revenue                   | 297,000              | 290,224            | (6,776)  |
| Debt Service                      | -                    | 41                 | 41       |
| Total                             | \$341,000            | \$344,462          | \$3,462  |

| 2012 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$80,384                   | \$62,315                  | \$18,069 |
| Special Revenue                                       | 236,000                    | 226,638                   | 9,362    |
| Debt Service  | 17,209                     | 451                       | 16,758   |
| Total   | \$333,593                  | \$289,404                 | \$44,189 |

**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.

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

**5. Debt**

In 2003, the Township issued general obligation notes to finance the purchase of a new Townhouse meeting hall and garage for Township road maintenance. The Township's taxing authority collateralized the bonds. This obligation was paid in full on June 30, 2013.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Retirement Systems**

The Township's officials and employees (excluding volunteer firefighters) belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

**7. Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**8. Compliance**

- A. Contrary to Ohio Rev. Code 507.09, the Fiscal Officer's received an overpayment of salaries in 2013 and 2012.
- B. Contrary to Ohio Rev. Code Section 5705.39, the Township had appropriations in excess of available resources in 2013 and 2012.
- C. Contrary to Ohio Rev. Code Section 5705.41(B), the Township made disbursements in excess of appropriations in several funds in 2013 and 2012.
- D. Contrary to Ohio Rev. Code Section 5705.14, the Township made unauthorized transfers and advances.
- E. Contrary to Ohio Rev. Code Sections 5705.14 to 5705.16, the Township made unauthorized advances.
- F. Contrary to Ohio Rev. Code Section 5705.41(D), the Township utilized superblankets for all purchases.

**9. 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.



# Caudill & Associates, CPA

P.O. Box 751, South Shore, KY 41175

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Performed in Accordance with *Government Auditing Standards***

Wayne Township  
Champaign County  
6137 Urbana Woodstock Pike  
Cable, Ohio 43009

To the Township Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Wayne Township, Champaign County (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated December 10, 2014, wherein we noted the Township followed the accounting basis the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-007 through 2013-009 to be material weaknesses.



Wayne Township  
Champaign County

Independent Auditor's 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 obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-001 through 2013-006.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Caudill & Associates, CPA*

Caudill & Associates, CPA

December 10, 2014

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

**Finding Number 2013-001**

**Noncompliance Citation – Overpayment of Fiscal Officer**

**Ohio Revised Code Section 507.09** states that the compensation of township fiscal officers is determined annually based on the Township budget. Ohio Revised Code section 507.09(c) states, “The compensation of the township fiscal officer shall be paid in equal monthly payments. If the office of the township fiscal officer is held by more than one person during any calendar year, each person holding the office shall receive payments for only those months, and any fractions of those months, during which the person holds the office.

We compared the total 2013 total budget of \$458,187 to the Ohio Revised Code’s allowable annual compensation schedule and noted that the Fiscal Officer’s approved annual salary for 2013 was \$12,733, based on allowable compensation rates. Our calculation is as follows:

| Name      | 2013 Total<br>budget | Annual<br>Salary Per<br>ORC | Calculated<br>Annual pay | Actual<br>Annual<br>Wage Paid | Calculated<br>Overpayment |
|-----------|----------------------|-----------------------------|--------------------------|-------------------------------|---------------------------|
| Mark Reid | \$458,187            | \$12,733                    | \$12,733                 | \$13,761.96                   | \$1,028.96                |

We compared the total 2012 total budget of \$433,320 to the Ohio Revised Code’s allowable annual compensation schedule and noted that the Fiscal Officer’s approved annual salary for 2012 was \$12,733, based on allowable compensation rates. Our calculation is as follows:

| Name      | 2012 Total<br>budget | Annual<br>Salary Per<br>ORC | Calculated<br>Annual pay | Actual<br>Annual<br>Wage Paid | Calculated<br>Overpayment |
|-----------|----------------------|-----------------------------|--------------------------|-------------------------------|---------------------------|
| Mark Reid | \$433,320            | \$12,733                    | \$12,733                 | \$13,761.96                   | \$1,028.96                |

**Township Response:**

The Township chose not to respond.

WAYNE TOWNSHIP  
CHAMPAIGN COUNTY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

Finding Number 2013-002

**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 exceeding total estimated resources in the General fund, Permissive Motor Vehicle Tax Fund and the Debt Service Fund in 2012.

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

**Township Response:**

The Township chose not to respond.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**Finding Number 2013-003**

**Noncompliance – Expenditures exceeded appropriations.**

The Ohio Revised Code Section 5705.41(B) provides that no expenditures shall be made without first being appropriated.

During fiscal year 2012, expenditures exceeded appropriations for the Gasoline Tax Fund, and the Cemetery Fund. In 2013, expenditures exceeded appropriations in the Road and Bridge Fund, Road District Fund and the Permissive Motor Vehicle License Fund. The Township should implement procedures to monitor its budget for each fund and expend money only when it has been appropriated.

Failure to limit expenditures to appropriations could result in deficit spending and deficit fund balances. The Township should establish sound budgetary controls to ensure that expenditures do not exceed appropriations for any fund.

**Township Response:**

The Township chose not to respond.

**Finding Number 2013-004**

**Noncompliance – Transfers**

**Ohio Rev. Code Sections 5705.14** states that no transfer can be made from one fund of a subdivision to any other fund, except as follows:

- The unexpended balance in a bond fund that is no longer needed for the purpose for which such fund was created shall be transferred to the sinking fund or bond retirement fund from which such bonds are payable.
- The unexpended balance in any specific permanent improvement fund, other than a bond fund, after the payment of all obligations incurred in the acquisition of such improvement, shall be transferred to the sinking fund or bond retirement fund of the subdivision. However, if such money is not required to meet the obligations payable from such funds, it may be transferred to a special fund for the acquisition of permanent improvements, or, with the approval of the court of common pleas of the county in which such subdivision is located, to the general fund of the subdivision.
- The unexpended balance in the sinking fund or bond retirement fund of a subdivision, after all indebtedness, interest, and other obligations for the payment of which such fund exists have been paid and retired, shall be transferred, in the case of the sinking fund, to the bond retirement fund, and in the case of the bond retirement fund, to the sinking fund. However, if the transfer is impossible by reason of the nonexistence of the fund to receive the transfer, the unexpended balance may be transferred to any other fund of the subdivision with the approval of the court of common pleas of the county in which such division is located.
- The unexpended balance in any special fund, other than an improvement fund, may be transferred to the general fund or to the sinking fund or bond retirement fund after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund.
- Money may be transferred from the general fund to any other fund of the subdivision by resolution of the taxing authority.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
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**Finding Number 2013-004 (Continued)**

In addition to the transfers listed above, which are authorized in Ohio Rev. Code Section 5705.14, the taxing authority of any political subdivision, with the approval of the Tax Commissioner and of the Court of Common Pleas, may transfer from one fund to another any public funds under its supervision, except the proceeds or balances of:

- loans,
- bond issues,
- special levies for the payment of loans or bond issues,
- The proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose.

In 2013, the Township transferred money from the gas tax fund to the general fund without a court order. As a result, an adjustment was made to reverse the transfer.

**Township Response:**

The Township chose not to respond.

**Finding Number 2013-005**

**Noncompliance – Advances**

Inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans and to provide the necessary "seed" for grants that are allocated on a reimbursement basis. The intent for cash advances is to require repayment within the current or succeeding year. Inter-fund cash advances are subject to the following requirements:

Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Ohio Rev. Code. Advances, on the other hand, temporarily reallocate cash from one fund to another and involve an expectation of repayment;

In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;

The debtor fund may repay advances from the creditor fund. That is, the AOS would not deem repaying advances to violate restrictions on use of the debtor's fund resources; and

Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:

1. A specific statement that the transaction is an advance of cash, and
2. An indication of the money (fund) from which it is expected that repayment will be made.

In 2013 and 2012, the Township made advances from the Road and Bridge Fund to the Road District Fund, and in 2013, from the Road District Fund to the General Fund and Road District Fund, which were unauthorized by resolution and was not authorized through the minutes. An adjustment was made to reverse the advances.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
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The Township should properly approve all advances by resolution and document the approval in the minutes. The advances should be repaid within one year of advancement.

**Township Response:**

The Township chose not to respond.

**Finding Number 2013-006**

**Noncompliance – 5705.41(D)**

5705.41(D) states “Fiscal officers may prepare "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance adopted by the members of the legislative authority against any specific line item account over a period not extending 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.

In addition to regular blanket certificates, a subdivision’s fiscal officer may also issue so-called “super blanket” certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund 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 fiscal year or, in the case of counties, beyond the quarterly spending plan established by the county commissioners. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Township utilized super blankets for all auditor tested disbursements in 2013 and 2012. We recommend that the Township review requirements for blankets and superblankets before issuing.

**Township Response:**

The Township chose not to respond.

**Finding Number 2013-007**

**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 2013 and 2012, the Township erroneously posted the principal and interest payments of the general obligation note to the general fund and Road and Bridge fund instead of the Debt Service Fund as required by the Debt Covenant. As well, the Township posted Rollback and Homestead revenue to property taxes of the respective funds requiring a reclassification.

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.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
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**Township Response:**

The Township chose not to respond.

**Finding Number 2013-008**

**Material Weakness – Failure to utilize Debt Service Fund**

The 2003 note agreement with Citizen’s National Bank states, “due provision has made for levying and collecting annually by taxation an amount sufficient to pay the interest on this Note as it falls due, and to provide a fund for the redemption.”.

In previous years, the Township Trustees, on an annual basis, approved a transfer of funds to the Debt service fund to cover principal and interest payments for this note. However, in 2013 and 2012, the Township erroneously posted the principal and interest payments of the general obligation note to the general fund and Road and Bridge fund, which bypassed the Debt Service Fund. While this had little to no effect on ending fund balances for the General Fund, Road and Bridge Fund and the Debt Service Fund, the Debt Service Fund does not properly reflect the activity of the note.

There were no audit adjustments made to the financial statements to reflect the erroneous activity of the debt obligations. As previously stated, the misstatements of the debt payment activity did not affect the ending fund balances.

We recommend the Township follow related requirements of the debt covenants and maintain consistency to properly reflect the financial activity of the township.

**Township Response:**

The Township chose not to respond.

**Finding Number 2013-009**

**Material Weakness – 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 and income tax withheld reported on the Form 941 in 2012 did not reconcile to payroll documentation.

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

**Township Response:**

The Township chose not to respond.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

| Finding<br>Number  | Finding<br>Summary  | Fully<br>Corrected? | Not Corrected, Partially Corrected;<br>Significantly Different Corrective<br>Action Taken; or Finding No<br>Longer Valid; <i><b>Explain</b></i> |
|--------------------|---|---------------------|---|
| Finding # 2011-001 | Non-compliance –<br>overpayment of Fiscal<br>Officer                      | No                  | Reissued as Finding 2013-001  |
| Finding # 2011-002 | Non-compliance with ORC<br>Section 5705.36(A)(2)                          | Yes                 | Finding No Longer Valid   |
| Finding # 2011-003 | Non-compliance with ORC<br>Section 5705.39                                | No                  | Reissued as Finding No. 2013-002  |
| Finding # 2011-004 | Non-compliance with ORC<br>5705.41(B)                                     | No                  | Reissued as Finding No. 2013-003  |
| Finding # 2011-005 | Material Weakness –<br>Reportable Wages                                   | No                  | Reissued as Finding No. 2013-009  |
| Finding # 2011-006 | Material Weakness –<br>Misclassification of Receipts<br>and Debt Payments | No                  | Reissued as Finding No. 2013-007  |
| Finding # 2011-007 | Non-compliance /Material<br>Weakness – Failure to Utilize<br>Debt Service | No                  | Reissued as Finding No. 2013-008  |





# Dave Yost • 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  
MARCH 31, 2015