

**WAYNE TOWNSHIP
COLUMBIANA COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012



Dave Yost • Auditor of State

Board of Trustees
Wayne Township
13209 State Route 164
Lisbon, Ohio 44432

We have reviewed the *Independent Auditors' Report* of Wayne Township, Columbiana County, prepared by Charles E. Harris & Associates, Inc., 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.

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".

Dave Yost
Auditor of State

May 29, 2014

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**WAYNE TOWNSHIP
COLUMBIANA COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2013 and 2012**

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INDEPENDENT AUDITORS' REPORT

Wayne Township
Columbiana County
13209 State Route 164
Lisbon, Ohio 44432

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Wayne Township, Columbiana 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 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 opinions.

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 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 cash balances of Wayne Township, Columbiana 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 May 1, 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.



CHARLES E. HARRIS & ASSOCIATES, INC.
May 1, 2014

**WAYNE TOWNSHIP
COLUMBIANA 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>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 13,474	\$ 99,784	\$ 113,258
Intergovernmental	21,988	124,699	146,687
Charges for Services	-	6,250	6,250
Earnings on Investments	18	6	24
Miscellaneous	5,443	502	5,945
Total Cash Receipts	40,923	231,241	272,164
Cash Disbursements:			
Current:			
General Government	38,051	-	38,051
Public Safety	-	47,154	47,154
Public Works	2,508	156,546	159,054
Health	3,260	-	3,260
Human Services	1,205	-	1,205
Debt Service:			
Principal Retirement	-	17,470	17,470
Interest and Fiscal Charges	-	818	818
Total Cash Disbursements	45,024	221,988	267,012
Total Receipts Over/(Under) Disbursements	(4,101)	9,253	5,152
Other Financing Sources/(Uses):			
Advances-In	1,500	1,500	3,000
Advances-Out	(1,500)	(1,500)	(3,000)
Total Other Financing Sources/(Uses)	-	-	-
Net Change in Fund Cash Balances	(4,101)	9,253	5,152
Fund Cash Balance, January 1	43,975	36,963	80,938
Fund Cash Balance, December 31			
Restricted	-	46,216	46,216
Unassigned	39,874	-	39,874
Fund Cash Balance, December 31	\$ 39,874	\$ 46,216	\$ 86,090

See accompanying Notes to the Financial Statements.

**WAYNE TOWNSHIP
COLUMBIANA COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 13,047	\$ 92,589	\$ 105,636
Intergovernmental	47,753	123,096	170,849
Earnings on Investments	23	9	32
Miscellaneous	5,274	-	5,274
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	66,097	215,694	281,791
Cash Disbursements:			
Current:			
General Government	33,218	3,535	36,753
Public Safety	-	41,325	41,325
Public Works	-	149,255	149,255
Health	3,243	-	3,243
Capital Outlay	-	2,225	2,225
Debt Service:			
Principal Retirement	-	22,438	22,438
Interest and Fiscal Charges	-	1,902	1,902
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Total Cash Disbursements	36,461	220,680	257,141
Total Receipts Over/(Under) Disbursements	29,636	(4,986)	24,650
Fund Cash Balance, January 1	14,339	41,949	56,288
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31			
Restricted	-	36,469	36,469
Committed	-	494	494
Unassigned	43,975	-	43,975
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	\$ 43,975	\$ 36,963	\$ 80,938

See accompanying Notes to the Financial Statements.

**WAYNE TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

Wayne Township, Columbiana County, (The Township) is a body politic and corporate established in Ohio to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township has also elected a Fiscal Office to oversee finances and records. The Township provides general government services and maintenance of township roads and bridges. The Township contracts with Franklin Township Volunteer Fire Department, Highlandtown Volunteer Fire Department, and West Point Volunteer Fire Department for fire protection.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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.

**WAYNE TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies (continued)

Fire District Fund – This fund accounts for revenues from a fire levy to provide fire protection services.

Gasoline Tax Fund – This fund is required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for the maintenance of roads within the Township.

Motor Vehicle License Fund – This fund accounts for intergovernmental motor vehicle revenues used for road repair and upkeep.

E. Budgetary Process

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

1. Appropriations

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

2. 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.

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

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.

**WAYNE TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies (continued)

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

The Board of Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Board amends 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 the Board of 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.

G. Property, Plant, and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**WAYNE TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

2. Equity in Pooled Deposits and Investments

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

	2013	2012
Demand Deposits	\$ 86,090	\$ 80,938
Total Deposits	\$ 86,090	\$ 80,938

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

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2013 and 2012 was as follows:

2013 Budget vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,923	\$ 40,923	\$ -
Special Revenue	231,241	231,241	-
Total	\$ 272,164	\$ 272,164	\$ -

2013 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 46,843	\$ 45,024	\$ 1,819
Special Revenue	232,770	221,988	10,782
Total	\$ 279,613	\$ 267,012	\$ 12,601

**WAYNE TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

3. Budgetary Activity (continued)

2012 Budget vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 66,308	\$ 66,097	\$ (211)
Special Revenue	219,830	215,694	(4,136)
Total	\$ 286,138	\$ 281,791	\$ (4,347)

2012 Budgeted vs Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 41,788	\$ 36,461	\$ 5,327
Special Revenue	231,240	220,680	10,560
Total	\$ 273,028	\$ 257,141	\$ 15,887

4. Property Taxes

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20. In certain circumstances, State statute permits alternate payment dates to be established.

Public utility 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.

**WAYNE TOWNSHIP
COLUMBIANA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

5. Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2013 and 2012, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2013 and 2012. The Township has paid all contributions required through December 31, 2013.

6. Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial automobile insurance
- Public Officials liability
- Crime

There were no significant reductions in coverage from prior years. Also claims have not exceeded coverage in the past two years.

7. Interfund Transactions

During 2013 the following advances were made:

Advance from the General Fund to the Road and Bridge Fund	\$1,500
Repayment from the Road and Bridge Fund to the General Fund	(\$1,500)

8. Debt

At the end of 2013, Wayne Township had \$5,970 outstanding on a backhoe. The remaining balance will be paid off in 2014.

9. Contingent Liabilities/Subsequent Events

Management believes there are no significant pending claims or lawsuits.

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

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

Wayne Township
Columbiana County
13209 State Route 164
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Wayne Township, Columbiana 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 May 1, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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.

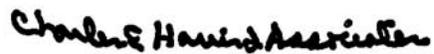
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CHARLES E. HARRIS & ASSOCIATES, INC.

May 1, 2014



Dave Yost • Auditor of State

WAYNE TOWNSHIP

COLUMBIANA 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 10, 2014