



Mary Taylor, CPA  
Auditor of State



WAYNE TOWNSHIP  
BUTLER COUNTY

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# Mary Taylor, CPA

Auditor of State

Wayne Township  
Butler County  
5967 Jacksonburg Road  
Trenton, Ohio 45067

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

May 29, 2007

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Wayne Township  
Butler County  
5967 Jacksonburg Road  
Trenton, Ohio 45067

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Wayne Township, Butler County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 29, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

May 29, 2007



**WAYNE TOWNSHIP  
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Local Taxes	\$42,050	\$217,063	\$83,134	\$342,247
Intergovernmental	144,525	165,547	11,180	321,252
Special Assessments	0	1,263	0	1,263
Licenses, Permits, and Fees	4,800	675	0	5,475
Earnings on Investments	19,438	635	0	20,073
Other Revenue	18,099	3,975	0	22,074
	<u>228,912</u>	<u>389,158</u>	<u>94,314</u>	<u>712,384</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	140,021	0	0	140,021
Public Safety	0	48,244	0	48,244
Public Works	0	282,522	0	282,522
Health	0	3,756	0	3,756
Debt Service:				
Redemption of Principal	0	0	70,155	70,155
Interest and Fiscal Charges	0	0	5,347	5,347
Capital Outlay	91,640	29,216	0	120,856
	<u>231,661</u>	<u>363,738</u>	<u>75,502</u>	<u>670,901</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>(2,749)</u>	<u>25,420</u>	<u>18,812</u>	<u>41,483</u>
Fund Cash Balances, January 1	<u>589,532</u>	<u>195,486</u>	<u>7,753</u>	<u>792,771</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$586,783</u></b>	<b><u>\$220,906</u></b>	<b><u>\$26,565</u></b>	<b><u>\$834,254</u></b>

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

**WAYNE TOWNSHIP  
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Local Taxes	\$36,861	\$236,793	\$39,653	\$0	\$313,307
Intergovernmental	169,898	166,228	5,309	0	341,435
Special Assessments	0	880	0	0	880
Licenses, Permits, and Fees	4,853	1,100	0	0	5,953
Earnings on Investments	10,515	854	0	0	11,369
Other Revenue	16,911	6,213	0	0	23,124
<b>Total Cash Receipts</b>	<u>239,038</u>	<u>412,068</u>	<u>44,962</u>	<u>0</u>	<u>696,068</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	146,351	0	0	0	146,351
Public Safety	0	46,726	0	0	46,726
Public Works	0	303,335	0	0	303,335
Health	0	3,458	0	0	3,458
Debt Service:					
Redemption of Principal	0	0	35,078	0	35,078
Interest and Fiscal Charges	0	0	2,131	0	2,131
Capital Outlay	4,812	118,644	0	210,465	333,921
<b>Total Cash Disbursements</b>	<u>151,163</u>	<u>472,163</u>	<u>37,209</u>	<u>210,465</u>	<u>871,000</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>87,875</u>	<u>(60,095)</u>	<u>7,753</u>	<u>(210,465)</u>	<u>(174,932)</u>
<b>Other Financing Receipts:</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	0	0	210,465	210,465
<b>Total Other Financing Receipts</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>210,465</u>	<u>210,465</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<u>87,875</u>	<u>(60,095)</u>	<u>7,753</u>	<u>0</u>	<u>35,533</u>
Fund Cash Balances, January 1	501,657	255,581	0	0	757,238
<b>Fund Cash Balances, December 31</b>	<u><b>\$589,532</b></u>	<u><b>\$195,486</b></u>	<u><b>\$7,753</b></u>	<u><b>\$0</b></u>	<u><b>\$792,771</b></u>
Reserve for Encumbrances, December 31	<u>\$29,354</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,354</u>

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

**WAYNE TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Wayne Township, Butler County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting 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 Deposits**

The Township values its checking account and certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

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

Fire District Fund - This fund receives property tax money to pay for fire protection of area citizens.

**WAYNE TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Permissive Motor Vehicle License Tax Fund – This fund receives property tax money to pay for constructing, maintaining, and repairing Township roads and bridges and for purchasing road machinery.

**3. Debt Service Fund**

This fund accounts for resources the Township accumulates to pay bond debt. The Township had the following significant Debt Service Fund:

General Bond Retirement Fund – This fund receives property tax money to pay the debt service related to fire equipment bonds issued in 2005.

**4. Capital Project Fund**

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

Miscellaneous Capital Projects Fund - The Township received bonds proceeds in 2005 to purchase a fire and rescue truck.

**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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**WAYNE TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

	2006	2005
Demand deposits	\$434,254	\$392,771
Certificates of deposit	400,000	400,000
Total deposits	\$834,254	\$792,771

**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 ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$193,052	\$228,912	\$35,860
Special Revenue	339,230	389,158	49,928
Debt Service	91,719	94,314	2,595
Total	\$624,001	\$712,384	\$88,383

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$782,584	\$231,661	\$550,923
Special Revenue	534,716	363,738	170,978
Debt Service	99,472	75,502	23,970
Total	\$1,416,772	\$670,901	\$745,871

**WAYNE TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$196,653	\$239,038	\$42,385
Special Revenue	414,071	412,068	(2,003)
Debt Service	0	44,962	44,962
Capital Projects	210,465	210,465	0
Total	\$821,189	\$906,533	\$85,344

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$698,310	\$180,517	\$517,793
Special Revenue	669,654	472,163	197,491
Debt Service	37,278	37,209	69
Capital Projects	210,465	210,465	0
Total	\$1,615,707	\$900,354	\$715,353

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Fire Equipment Bonds	\$105,233	3.375%

The Township issued fire equipment bonds to finance the purchase of a new fire and rescue truck for the Township fire department in 2005. The Township's taxing authority collateralized the bonds.

**WAYNE TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**5. DEBT (Continued)**

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

Year ending December 31:	Fire Equipment Bonds
2007	\$73,154
2008	35,679
Total	\$108,833

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2005, PERS members contributed 8.5% of their gross salaries. For 2006, PERS members contributed 9.0% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 13.7% for 2006. The Township has paid all contributions required through December 31, 2006.

**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 Government 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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**WAYNE TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

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, 2005 and 2004 (the latest information available):

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>



**WAYNE TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

At December 31, 2005 and 2004, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$28,680. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

<b><u>Township Contributions to OTARMA</u></b>	
2003	\$11,680
2004	\$14,051
2005	\$14,398

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must 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 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 was incurred or reported prior to the withdrawal.

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# Mary Taylor, CPA

Auditor of State

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

Wayne Township  
Butler County  
5967 Jacksonburg Road  
Trenton, Ohio 45067

To the Board of Trustees:

We have audited the financial statements of Wayne Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 29, 2007 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit Wayne Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated May 29, 2007.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001, 2006-002, and 2006-003.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated May 29, 2007.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. 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 the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

May 29, 2007

**WAYNE TOWNSHIP  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Finding for Recovery—Repaid Under Audit**

Ohio Revised Code, Section 505.24, provides that for 2005, a township trustee shall be entitled to annual compensation of \$9,556.00 when the township’s annual budget is between \$750,001 and \$1,500,000. A township trustee shall be entitled to annual compensation of \$10,510.00 when the township’s annual budget is between \$1,500,001 and \$3,500,000.

The Township Trustees received a salary increase in 2005 due to the Township’s budget increasing on August 11, 2005 from \$1,367,963 to \$1,578,429. The increase was to be prorated for the portion of the year remaining after the effective date of the increase and would not result in a retroactive payment for the portion of the year already served. The increase was miscalculated for the trustees resulting in an overpayment of \$307.19.

<b>Description</b>	<b>Salary</b>
Original salary	\$9,556.00
Revised salary after budget increase	10,510.00
Salary increase	954.00
Percentage of year remaining	38.8%
Prorated increase	370.15
Amount paid, Check # 10832, 12/12/05	677.34
Overpayment	\$307.19

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended was issued against Robert Hoelle, Trustee, Marie Graham, Clerk, and Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$307.19, and in favor of Wayne Township, Butler County, General Fund, in the amount of \$307.19.

When notified of this finding, Mr. Hoelle reimbursed the Township for \$307.19 on April 17, 2007.

**Officials’ Response:**

This Finding for Recovery was repaid under audit.

**FINDING NUMBER 2006-002**

**Finding for Recovery—Repaid Under Audit**

Ohio Revised Code, Section 505.24, provides that for 2005, a township trustee shall be entitled to annual compensation of \$9,556.00 when the township’s annual budget is between \$750,001 and \$1,500,000. A township trustee shall be entitled to annual compensation of \$10,510.00 when the township’s annual budget is between \$1,500,001 and \$3,500,000.

The Township Trustees received a salary increase in 2005 due to the Township’s budget increasing on August 11, 2005 from \$1,367,963 to \$1,578,429. The increase was to be prorated for the portion of the year remaining after the effective date of the increase and would not result in a retroactive payment for the portion of the year already served. The increase was miscalculated for the trustees resulting in an overpayment of \$307.19.

<u>Description</u>	<u>Salary</u>
Original salary	\$9,556.00
Revised salary after budget increase	10,510.00
Salary increase	954.00
Percentage of year remaining	38.8%
Prorated increase	370.15
Amount paid, Check # 10833, 12/12/05	677.34
Overpayment	<u>\$307.19</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended was issued against William Kennel, Trustee, Marie Graham, Clerk, and Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$307.19, and in favor of Wayne Township, Butler County, General Fund, in the amount of \$307.19.

When notified of this finding, Mr. Kennel reimbursed the Township for \$307.19 on April 17, 2007.

**Officials’ Response:**

This Finding for Recovery was repaid under audit.

**FINDING NUMBER 2006-003**

**Finding for Recovery—Repaid Under Audit**

Ohio Revised Code Section 505.24 provides that for 2005, a township trustee shall be entitled to annual compensation of \$9,556.00 when the township’s annual budget is between \$750,001 and \$1,500,000. A township trustee shall be entitled to annual compensation of \$10,510.00 when the township’s annual budget is between \$1,500,001 and \$3,500,000.

The Township Trustees received a salary increase in 2005 due to the Township’s budget increasing on August 11, 2005 from \$1,367,963 to \$1,578,429. The increase was to be prorated for the portion of the year remaining after the effective date of the increase and would not result in a retroactive payment for the portion of the year already served. The increase was miscalculated for the trustees resulting in an overpayment of \$307.19.

**FINDING NUMBER 2006-003  
 (Continued)**

<u>Description</u>	<u>Salary</u>
Original salary	\$9,556.00
Revised salary after budget increase	10,510.00
Salary increase	954.00
Percentage of year remaining	38.8%
Prorated increase	370.15
Amount paid, Check # 10834, 12/12/05	677.34
Overpayment	<u>\$307.19</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended was issued against Bill McIntire, Trustee, Marie Graham, Clerk, and Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in the amount of \$307.19, and in favor of Wayne Township, Butler County, General Fund, in the amount of \$307.19.

When notified of this finding, Mr. McIntire reimbursed the Township for \$307.19 on April 20, 2007.

**Officials' Response:**

This Finding for Recovery was repaid under audit.

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WAYNE TOWNSHIP  
BUTLER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Ohio Rev. Code, Section 5705.41(D), failure to properly certify funds	Yes	





Mary Taylor, CPA  
Auditor of State

WAYNE TOWNSHIP

BUTLER 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 12, 2007