



**WAYNE TOWNSHIP  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2009-2008**



**Mary Taylor, CPA**  
Auditor of State



WAYNE TOWNSHIP  
KNOX COUNTY

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# Mary Taylor, CPA

Auditor of State

Wayne Township  
Knox County  
8787 Sparta Road  
Fredericktown, Ohio 43019

To the Board of Trustees:

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

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

**Mary Taylor, CPA**  
Auditor of State

July 22, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Wayne Township  
Knox County  
8787 Sparta Road  
Fredericktown, Ohio 43019

To the Board of Trustees:

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

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008 or its changes in financial position for the years then ended.

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

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 July 22, 2010 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

July 22, 2010

**WAYNE TOWNSHIP  
KNOX COUNTY**

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

	<b>Governmental Fund Types</b>				<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Permanent</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$21,577.66	\$16,320.59	\$15,025.24	\$0.00	\$52,923.49
Licenses, Permits, and Fees	4,206.85	0.00	0.00	0.00	\$4,206.85
Intergovernmental	35,015.85	111,297.34	0.00	0.00	\$146,313.19
Earnings on Investments	114.81	96.84	0.00	3.00	\$214.65
Miscellaneous	0.00	4,910.36	0.00	0.00	\$4,910.36
<b>Total Cash Receipts</b>	<b>60,915.17</b>	<b>132,625.13</b>	<b>15,025.24</b>	<b>3.00</b>	<b>208,568.54</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	59,936.70	4,710.15	0.00	0.00	64,646.85
Public Works	10,000.00	121,751.11	0.00	0.00	131,751.11
Health	1,062.94	0.00	0.00	105.00	1,167.94
Capital Outlay	233.59	0.00	0.00	0.00	233.59
Debt Service:					
Redemption of Principal	0.00	8,344.00	21,357.22	0.00	29,701.22
Interest and Other Fiscal Charges	0.00	0.00	3,323.90	0.00	3,323.90
<b>Total Cash Disbursements</b>	<b>71,233.23</b>	<b>134,805.26</b>	<b>24,681.12</b>	<b>105.00</b>	<b>230,824.61</b>
<b>Total Receipts (Under) Disbursements</b>	<b>(10,318.06)</b>	<b>(2,180.13)</b>	<b>(9,655.88)</b>	<b>(102.00)</b>	<b>(22,256.07)</b>
Fund Cash Balance, January 1	21,368.77	54,246.93	9,655.88	1,184.74	86,456.32
<b>Fund Cash Balance, December 31</b>	<b>\$11,050.71</b>	<b>\$52,066.80</b>	<b>\$0.00</b>	<b>\$1,082.74</b>	<b>\$64,200.25</b>

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

**WAYNE TOWNSHIP  
KNOX COUNTY**

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

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Permanent</b>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$22,241.11	\$20,143.03	\$15,025.24	\$0.00	\$57,409.38
Licenses, Permits, and Fees	1,853.60	0.00	0.00	0.00	\$1,853.60
Intergovernmental	52,819.42	125,260.41	0.00	0.00	\$178,079.83
Earnings on Investments	791.99	433.14	0.00	26.00	\$1,251.13
<b>Total Cash Receipts</b>	<b>77,706.12</b>	<b>145,836.58</b>	<b>15,025.24</b>	<b>26.00</b>	<b>238,593.94</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	61,608.99	6,404.14	0.00	0.00	68,013.13
Public Works	10,960.00	125,790.49	0.00	0.00	136,750.49
Health	1,185.04	0.00	0.00	0.00	1,185.04
Capital Outlay	1,256.45	0.00	0.00	0.00	1,256.45
Debt Service:					
Redemption of Principal	0.00	5,952.00	3,369.66	0.00	9,321.66
Interest and Other Fiscal Charges	0.00	3,704.00	2,000.00	0.00	5,704.00
<b>Total Cash Disbursements</b>	<b>75,010.48</b>	<b>141,850.63</b>	<b>5,369.66</b>	<b>0.00</b>	<b>222,230.77</b>
<b>Total Receipts Over Disbursements</b>	<b>2,695.64</b>	<b>3,985.95</b>	<b>9,655.58</b>	<b>26.00</b>	<b>16,363.17</b>
<b>Other Financing Receipts:</b>					
Sale of Fixed Assets	0.00	6,255.00	0.00	0.00	6,255.00
<b>Excess of Cash Receipts Over Cash Disbursements And Other Financing Receipts</b>	<b>2,695.64</b>	<b>10,240.95</b>	<b>9,655.58</b>	<b>26.00</b>	<b>22,618.17</b>
<b>Fund Cash Balance, January 1</b>	<b>18,673.13</b>	<b>44,005.98</b>	<b>0.30</b>	<b>1,158.74</b>	<b>63,838.15</b>
<b>Fund Cash Balance, December 31</b>	<b>\$21,368.77</b>	<b>\$54,246.93</b>	<b>\$9,655.88</b>	<b>\$1,184.74</b>	<b>\$86,456.32</b>

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

**WAYNE TOWNSHIP  
KNOX COUNTY**

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

**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, Knox 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 and cemetery maintenance. Fire protection and emergency medical services are provided by Fredericktown Joint Fire District and Fredericktown Community Joint Emergency Ambulance District, respectively.

The Township participates in three jointly governed organizations and the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities.

The Township participates in three jointly governed organizations. These organizations are:

**Fredericktown Community Joint Emergency Ambulance District**

The District provides ambulatory services for residents of the Township. The District consists of Berlin, Middlebury, Morris, Wayne, and Pike Townships and the Village of Fredericktown.

**Fredericktown Community Fire District**

The District provides fire services for residents of the Township. The District consists of Berlin, Middlebury, Morris (a portion of the Township), Wayne and Pike Townships and the Village of Fredericktown.

**Fredericktown Joint Recreation District**

The District provides recreational services for residents of the Township. The District consists of Berlin, Middlebury, Morris, Pike, and Wayne Township and the Village of Fredericktown.

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.

**WAYNE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Cash and Investments**

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

The investment in Star Ohio is valued at amounts reported by the State Treasurer.

**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.

**3. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**4. Debt Service Fund**

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

Debt Service Fund – This fund receives tax revenue for the purposes of paying the debt related to the road equipment purchased in 2007.

**WAYNE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) 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 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**2. Equity in Pooled Cash and Investments**

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

	<u>2008</u>	<u>2009</u>
Demand deposits	\$43,133	\$26,720
STAR Ohio	43,323	37,480
Total deposits and investments	<u>\$86,456</u>	<u>\$64,200</u>

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical of book-entry form.

**WAYNE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity**

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

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,472	\$60,915	\$5,443
Special Revenue	148,639	132,625	(16,014)
Debt Service	15,025	15,025	0
Permanent	0	3	3
Total	\$219,136	\$208,568	(\$10,568)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,931	\$71,233	\$10,698
Special Revenue	197,822	134,805	63,017
Debt Service	24,681	24,681	0
Permanent	158	105	53
Total	\$304,592	\$230,824	\$73,768

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,478	\$77,706	\$15,228
Special Revenue	154,188	152,092	(2,096)
Debt Service	15,025	15,025	0
Permanent	0	26	26
Total	\$231,691	\$244,849	\$13,158

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,193	\$75,010	\$6,183
Special Revenue	198,195	141,851	56,344
Debt Service	15,025	5,370	9,655
Permanent	117	0	117
Total	\$294,530	\$222,231	\$72,299

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

**WAYNE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$44,842	5.5%

The Township issued general obligation bonds to finance the purchase of a new dump truck and plowing equipment for Township road maintenance. The Township's taxing authority collateralized the bonds.

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

	General Obligation Bonds
Year ending December 31:	
2010	12,085
2011	12,759
2012	13,464
2013	9,000
Total	\$47,308

**6. Retirement System**

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

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

**7. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**WAYNE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management (continued)**

Casualty and Property Coverage

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

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

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

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$4,000.

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>Contributions to OTARMA</u></b>	
2007	\$6,447
2008	\$5,714
2009	\$4,670

**WAYNE TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management (continued)**

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

**8. Jointly Governed Organizations**

**Fredericktown Community Joint Emergency Ambulance District**

The Fredericktown Community Joint Emergency Ambulance District, (the District) is a jointly governed organization pursuant to Ohio Revised Code Section 505.71. The District consists of Berlin, Middlebury, Morris, Wayne and Pike Townships and the Village. The District Board consists of six board members which includes one representative from each Township and the Village of Fredericktown.

**Fredericktown Community Fire District**

The Fredericktown Community Fire District, (The District) is a jointly governed organization pursuant to Ohio Revised Code Section 505.371. The District Board consists of six board members which includes one representative from each Township and the Village. The District includes Berlin, Middlebury, Morris (a portion of the Township), Wayne and Pike Townships and the Village of Fredericktown.

**Fredericktown Joint Recreation District**

Fredericktown Recreation District, (The District) is jointly governed by the Village of Fredericktown, Berlin Township, Middlebury Township, Morris Township, Pike Township, and Wayne Township. Each Township appoints one board member of the Board and the Village of Fredericktown appoints two, for a total of seven board members.

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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  
Knox County  
8787 Sparta Road  
Fredericktown, Ohio 43019

To the Township Board of Trustees:

We have audited the financial statements of Wayne Township, Knox County, Ohio, (the Township) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated July 22, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because of Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and the 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 the purpose expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies or material weaknesses. However, as discussed in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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

### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 22, 2010.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

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

**Mary Taylor, CPA**  
Auditor of State

July 22, 2010

**WAYNE TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**FINDING NUMBER 2009-001 -Material Weakness**

**Ohio Rev. Code Section 5705.10** states in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township Fiscal Officer misposted intergovernmental receipts due to the Gasoline Tax Fund as taxes to the General Fund in the amount of \$5,063 in 2008.

These errors lead to inaccurate records and the inaccurate reporting of financial activity of each of the respective funds.

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers in accordance with the above Ohio Revised Code section. By exercising the accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of the financial data throughout the year.

The Township's financial statements and accounting records have been adjusted to accurately reflect the proper line item classifications and fund postings.

**Officials' Response:**

The Fiscal Officer will take precautions to post receipts to the correct funds in the future.

**WAYNE TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 and 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-01	Reportable Condition-Financial Statement Presentation	No	Management Letter
2007-02	Noncompliance Citation-Interest Allocation	No	Management Letter
2007-03	Noncompliance Citation – Posting Receipts and Disbursements	No	Repeated in finding 2009-01



**Mary Taylor, CPA**  
Auditor of State

**WAYNE TOWNSHIP**

**KNOX 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  
AUGUST 17, 2010**