

**WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009**



Dave Yost • Auditor of State

Board of Trustees
Wayne Township
6320 State Route 133
Newtownsville, Ohio 45158

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

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

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

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Dave Yost
Auditor of State

May 15, 2012

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**WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2009.....	3
Notes to the Financial Statements	4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9
Schedule of Findings.....	11
Schedule of Prior Audit Findings	13

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Trustees
Wayne Township, Ohio

We have audited the accompanying financial statements of Wayne Township, Clermont County, Ohio, (the Township) as of and for the year ended December 31, 2009. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 year ended December 31, 2009 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, or its changes in financial position for the year 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, Clermont County, Ohio, as of December 31, 2009, 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 December 20, 2011, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive style and is centered within a light gray rectangular box.

Cincinnati, Ohio
December 20, 2011

**WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<i>Cash Receipts:</i>			
Property and Local Taxes	\$ 84,778	\$ 583,289	\$ 668,067
Intergovernmental Revenues	55,661	186,094	241,755
Charges for Services	-	89,635	89,635
Fines, Licenses and Permits	30,920	29,764	60,684
Earnings on Investments	9,749	278	10,027
Miscellaneous	8,500	70,738	79,238
Total Cash Receipts	189,608	959,798	1,149,406
<i>Cash Disbursements:</i>			
Current:			
General Government	178,689	95,777	274,466
Public Safety	-	609,716	609,716
Public Works	-	111,404	111,404
Public Health Services	-	28,096	28,096
Capital Outlay	30,923	50,769	81,692
Debt Service:			
Redemption of Principal	-	22,807	22,807
Interest and Fiscal Charges	-	2,239	2,239
Total Cash Disbursements	209,612	920,808	1,130,420
Receipts Over (Under) Disbursements	(20,004)	38,990	18,986
<i>Other Financing Receipts (Disbursements):</i>			
Debt Proceeds	-	25,000	25,000
Transfers-In	-	14,159	14,159
Transfers-Out	(14,159)	-	(14,159)
Total Other Financing Receipts (Disbursements)	(14,159)	39,159	25,000
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(34,163)	78,149	43,986
Fund Cash Balances, January 1, 2009	284,090	531,385	815,475
Fund Cash Balances, December 31, 2009	\$ 249,927	\$ 609,534	\$ 859,461
Reserve for Encumbrances, December 31, 2009	\$ 460	\$ 1,624	\$ 2,084

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

WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

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, Clermont 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 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

Certificates of deposit are recorded as cash. The Township's accounting basis does not record disbursements for purchases or receipts for sales of certificates of deposit. This basis records gains or losses at the time of sale 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 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:

EMS Services Fund - This fund provides for EMS services and records the charges related to those services.

WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(continued)

Fire District Fund - This fund receives local taxes to provide fire protection for the Township

Road and Bridge Fund - This fund receives local taxes to provide for road and bridge improvements.

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 2009 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

**WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(continued)**

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2009 was as follows:

Demand deposits	\$508,118
Certificates of deposit	<u>351,343</u>
Total deposits	<u>\$859,461</u>

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 year ending December 31, 2009 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 203,437	\$ 189,608	\$ (13,829)
Special Revenue	<u>1,020,681</u>	<u>998,957</u>	<u>(21,724)</u>
Total	<u>\$ 1,224,118</u>	<u>\$ 1,188,565</u>	<u>\$ (35,553)</u>

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 254,101	\$ 224,231	\$ 29,870
Special Revenue	<u>992,277</u>	<u>922,432</u>	<u>69,845</u>
Total	<u>\$ 1,246,378</u>	<u>\$ 1,146,663</u>	<u>\$ 99,715</u>

Ohio Revised Code Section 5705.39 prohibits appropriations in excess of estimated resources. The Police District Fund had appropriations that exceeded estimated resources totaling \$1,428.

Ohio Revised Code Section 5705.41(B) states that, "no subdivision or taxing unit is to expend money unless it has been appropriated". The Fire District and Ambulance & EMS Funds had expenditures that exceeded appropriations totaling \$13,022 and \$2,310, respectively.

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.

**WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(continued)**

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

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

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

5. RETIREMENT SYSTEMS

The Township's certified firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009, OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of full-time fire fighter's wages. For 2009, OPERS' members contributed 10 percent of their gross wages and the Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Backhoe Loan	\$ 10,836	6.15%
Ambulance Loan	<u>12,500</u>	4.09%
Total	<u><u>\$ 23,336</u></u>	

During 2006, the Township entered into a bank loan agreement totaling \$40,000 to finance the purchase of a backhoe. The loan bears an interest rate of 6.15 percent, with annual payments of principal and interest through 2010.

During 2009, the Township entered into a bank loan agreement totaling \$25,000 to finance the purchase of an ambulance. The loan bears an interest rate of 4.90 percent, with annual payments of principal and interest through 2010.

The amortization of the above remaining debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2010	<u>\$ 23,926</u>
Total	<u><u>\$ 23,926</u></u>

**WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009
(continued)**

7. TRANSFERS

The Township transferred amounts from the General Fund to support activities in various Special Revenue Funds as follow:

<u>Fund</u>	<u>Amount</u>
Police Fund	\$1,659
Zoning Fund	12,500

8. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Bastin & Company, LLC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Members of the Board of Trustees
Wayne Township, Ohio

We have audited the financial statements of Wayne Township, Clermont County, Ohio (the Township) as of and for the year ended December 31, 2009, and have issued our report thereon dated December 20, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings 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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider finding 2009-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2009-02 and 2009-03.

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, express no opinion on them.

We noted certain matters that we have reported to management of the Township in a separate letter dated December 20, 2011.

This report is intended solely for the information and use of the management, Township Trustees and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
December 20, 2011

**WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2009-01

Material Weakness

We identified misstatements in the financial statements that were not initially identified by the Township’s internal control. Audit adjustments were necessary to correct the financial statements as follows:

- Errors involving the recording of interest earned on certificates of deposit during the year resulted in an overstatement of earnings on investments and the December 31, 2009 fund cash balance in the General Fund totaling \$8,051.
- Reclassification of receipts totaling \$86,421 that were initially recorded as miscellaneous or charges for services were made to properly report receipt activity to proper line items such as fines licenses and permits, property and other local taxes or proceeds from loans in various funds.
- Reclassification of expenditures totaling \$32,282 that were initially recorded as capital outlay were made to properly report expenditure activity to proper line items such as public works and debt principal and interest payments in various funds.

The presentation of materially correct financial statements is the responsibility of management. We recommend that the Township implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

Township’s Response

The Township will attempt to more closely monitor the recording of transactions in the future to ensure proper classification. The adjustments required to fund balances have been made to the financial records of the Township.

FINDING NUMBER 2009-02

Noncompliance Citation

Ohio Rev. Code, Section 5705.39 prohibits appropriations in excess of estimated resources. The following funds had appropriations that exceeded estimated resources:

Fund	Estimated Resources	Appropriations	Variance
Police District Fund	\$8,572	\$10,000	(\$1,428)

Township’s Response

The Township will attempt to more closely monitor its compliance with the ORC in the future to ensure that appropriations are within total estimated resources available.

FINDING NUMBER 2009-03

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that, “no subdivision or taxing unit is to expend money unless it has been appropriated”. The following Township funds had expenditures which exceeded:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Fire District	\$434,518	\$447,540	(\$13,022)
Ambulance & EMS	138,689	140,999	(2,310)

Township’s Response

The Township will attempt to more closely monitor its compliance with the ORC in the future to ensure that expenditures are within amounts appropriated.

**WAYNE TOWNSHIP
CLERMONT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation:
2008-01	Appropriations exceeded estimated resources	No	Condition existed during current audit period, reissued as finding 2009-02
2008-02	Expenditures exceeded appropriations	No	Condition existed during current audit period, reissued as finding 2009-03

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Dave Yost • Auditor of State

WAYNE TOWNSHIP

CLERMONT 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
MAY 29, 2012