



Dave Yost • Auditor of State

WAYNE TOWNSHIP
AUGLAIZE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wayne Township
Auglaize County
P.O. Box 103
Waynesfield, Ohio 45896

To the Board of Trustee:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Wayne Township, Auglaize County, (the Township) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Wayne Township, Auglaize County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Wayne Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2013

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$19,667	\$72,666	\$92,333
Charges for Services		19,514	19,514
Licenses, Permits and Fees	970		970
Intergovernmental	28,741	104,870	133,611
Earnings on Investments	90	22	112
Miscellaneous	4,352	6,172	10,524
Total Cash Receipts	<u>53,820</u>	<u>203,244</u>	<u>257,064</u>
Cash Disbursements:			
Current:			
General Government	52,070	11,216	63,286
Public Safety	2,335	37,707	40,042
Public Works		68,041	68,041
Health		1,275	1,275
Debt Service:			
Principal Retirement		41,227	41,227
Interest and Fiscal Charges		4,659	4,659
Total Cash Disbursements	<u>54,405</u>	<u>164,125</u>	<u>218,530</u>
Excess of Receipts Over (Under) Disbursements	<u>(585)</u>	<u>39,119</u>	<u>38,534</u>
Fund Cash Balances, January 1, 2012	<u>88,394</u>	<u>279,867</u>	<u>368,261</u>
Fund Cash Balances, December 31, 2012:			
Restricted		318,986	318,986
Unassigned (Deficit)	87,809		87,809
Fund Cash Balances, December 31, 2012	<u>\$87,809</u>	<u>\$318,986</u>	<u>\$406,795</u>

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

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$16,597	\$54,456	\$71,053
Charges for Services		18,200	18,200
Licenses, Permits and Fees	1,100		1,100
Intergovernmental	48,282	108,861	157,143
Earnings on Investments	187	5	192
Miscellaneous	2,431	7,687	10,118
Total Cash Receipts	<u>68,597</u>	<u>189,209</u>	<u>257,806</u>
Cash Disbursements:			
Current:			
General Government	58,241	6,676	64,917
Public Safety	2,313	42,759	45,072
Public Works		83,076	83,076
Health		3,433	3,433
Capital Outlay		1,275	1,275
Debt Service:			
Principal Retirement		37,577	37,577
Interest and Fiscal Charges		2,649	2,649
Total Cash Disbursements	<u>60,554</u>	<u>177,445</u>	<u>237,999</u>
Excess of Receipts Over (Under) Disbursements	<u>8,043</u>	<u>11,764</u>	<u>19,807</u>
Fund Cash Balances, January 1, 2011	<u>80,351</u>	<u>268,103</u>	<u>348,454</u>
Fund Cash Balances, December 31, 2011:			
Restricted		279,867	279,867
Unassigned (Deficit)	88,394		88,394
Fund Cash Balances, December 31, 2011	<u>\$88,394</u>	<u>\$279,867</u>	<u>\$368,261</u>

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

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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, Auglaize County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township values savings and deposit accounts 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:

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 for maintaining fire protection for the Township.

E. Budgetary Process

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

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

F. Fund Balance

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

1. Non-spendable

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

2. Restricted

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

3. Committed

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

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

2. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have an effect on fund balances previously reported.

3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2012</u>	<u>2011</u>
Demand deposits	\$156,446	\$168,047
Other time deposits (savings and NOW accounts)	250,349	200,214
Total deposits	<u>\$406,795</u>	<u>\$368,261</u>

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

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 57,400	\$ 53,820	(\$3,580)
Special Revenue	229,604	203,244	(26,360)
Total	<u>\$287,004</u>	<u>\$257,064</u>	<u>(\$29,940)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,165	\$ 54,405	\$ 92,760
Special Revenue	510,380	164,125	346,255
Total	<u>\$657,545</u>	<u>\$218,530</u>	<u>\$439,015</u>

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,772	\$ 68,597	\$13,825
Special Revenue	213,253	189,209	(24,044)
Total	<u>\$268,025</u>	<u>\$257,806</u>	<u>(\$10,219)</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,250	\$ 60,554	\$ 75,696
Special Revenue	481,990	177,445	304,545
Total	<u>\$618,240</u>	<u>\$237,999</u>	<u>\$380,241</u>

5. PROPERTY TAX

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

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

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.

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. DEBT

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Dump Truck Promissory Note	\$14,528	4.79%
USDA Fire Truck Bonds	24,566	4.625%
Total	\$39,094	

On September 22, 2009, the Township entered into a four year note with Kansas State Bank in the amount of \$72,073 at 4.79%, to finance the purchase of a new dump truck. The note is payable in four annual installments with interest due annually.

On January 29, 2009, the Township issued \$87,000 in Fire Truck Bonds to finance the purchase of a new fire truck. The bonds are payable annually over 10 years including interest at 4.625%.

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

Year ending December 31:	Dump Truck Note	Fire Truck Bonds
2013	\$15,224	\$9,666
2014		9,164
2015		8,487

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

8. RISK MANAGEMENT

A. Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

B. Risk Pool Membership

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.

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. RISK MANAGEMENT (Continued)

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting, claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

C. 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, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

D. 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, 2012 and 2011 (the latest information available):

	2012	2010
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Assets	\$25,416,188	\$25,367,373

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$9,000.

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.

Contributions to OTARMA	
2012	2011
\$13,641	\$13,738

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. RISK MANAGEMENT (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to 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 occurred or was reported prior to the withdrawal.

9. RELATED PARTY TRANSACTIONS

The Township has contracted with Turn-Er Green, a lawn care company, for cemetery sexton duties. The owner of Turn-Er Green is related to the Township's Fiscal Officer and to one of the Township Trustees in 2011. The Township paid this company \$14,028 and \$16,048 for 2012 and 2011, respectively.

In addition, Turn-Er Green received, directly from funeral homes or family members of the decedent, fees for opening and closing of graves, which was estimated at approximately \$4,550 and \$3,520, for 2012 and 2011 respectively, which was not deposited with the Township as required.

The Township has also contracted with Lee Turner's Lawn Care Service for the mowing of five small cemeteries in 2012 and 2011. Lee Turner is related to the Township's Fiscal Officer. The Township paid him \$2,750 and \$3,000 for 2012 and 2011 respectively.

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Dave Yost • Auditor of State

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

Wayne Township
Auglaize County
P.O. Box 103
Waynesfield, Ohio 45896

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Wayne Township, Auglaize County, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated September 24, 2013 wherein we noted the Township adopted the provisions of Government Accounting Standards Board Statement No. 54 Fund Balance and Governmental Fund Type Definitions for the year ended December 31, 2011. We also noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-002.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

September 24, 2013

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Material Weakness

Classification of Revenues and Expenditures

All transactions were posted to the general ledger; however, not all transactions were posted to the correct line item accounts or fund. The following items were not properly posted during 2012 and 2011:

- 2011 Homestead and Rollback were posted as property tax revenues in the General, Road and Bridge, Fire District and Emergency Services Fund in the amounts of \$2,900; \$994; \$2,866; and \$2,853 respectively, rather than as intergovernmental revenue;
- 2011 Homestead and Rollback for the Emergency Services Fund in the amount of \$2,783 was posted as property tax revenues in the Permissive Motor Vehicle License Tax Fund rather than as intergovernmental revenue to the Emergency Services Fund;
- 2012 Homestead and Rollback were posted as property tax revenues in the General, Road and Bridge, Fire District and Emergency Services Fund in the amounts of \$3,164; \$1,148; \$5,243; and \$5,244 respectively, rather than as intergovernmental revenue;
- 2011 Debt payments were posted as Public Works disbursements in the amounts of \$20,226 for the Dump Truck Bonds and \$20,000 for the Fire Truck Note in the Gasoline Tax Fund rather than as principal and interest in the Gasoline Tax Fund of \$17,577 and \$2,649 and principal in the Fire District Fund for \$20,000;
- 2012 Debt payments in the amount of \$20,000 for the Fire Truck Note were recorded as Public Safety disbursements in the Fire District Fund and did not agree to actual checks and ACH payments made of \$20,886. Principal and interest should have been recorded as \$18,034 and \$2,852 respectively.
- 2012 Debt payments were posted as Public Works disbursements in the Gas Tax Fund in the amount of \$25,000 for the Dump Truck Bonds, rather than as principal and interest of \$23,193 and \$1,807 respectively;
- 2011 Mowing, Insurance and other miscellaneous disbursements in the General Fund in the amount of \$9,100 were posted as Capital Outlay, rather than as General Government;
- 2012 Mowing disbursements in the General Fund in the amount of \$2,393 were posted as Capital Outlay, rather than as General Government; and
- Prior audit adjustments were not made in the amount of \$909 to the Fire fund and \$1,371 to the General Fund, therefore overstating the beginning fund balance for these two funds.
- Fire District Fund ending balance for 2011 was decreased by \$72 to agree to the beginning balance of 2012

The failure to properly post receipts and disbursements could result in a material misstatement of the reported revenue and expenditures line items or the fund balance being misstated. The accompanying financial statements include the homestead and rollback, debt, and general government reclassifications to accurately state the Township's revenue and expenditure activity for 2012 and 2011.

The adjustments required to accurately state the Township's fund balances as December 31, 2012 are as follows and the accompanying financial statements and client's ledgers have been adjusted:

**FINDING NUMBER 2012-001
 (Continued)**

<u>Fund Type</u>	<u>Township's Ending Fund Balance</u>	<u>Misstatement Increase/(Decrease)</u>	<u>Audited Ending Fund Balance</u>
General Fund	\$ 89,180	(\$ 1,371)	\$ 87,809
Fire & Ambulance Service Fund	\$113,701	\$ 2,783	\$116,484
Permissive MVL Tax Fund	\$ 1,827	(\$ 2,783)	(\$ 956)
Fire District Fund	\$129,001	(\$21,867)	\$107,134
Gasoline Tax Fund	\$ 37,981	\$20,000	\$ 57,981

The Township should utilize the UAN Chart of Accounts and the Township Handbook to provide guidance on the recording of revenue and disbursements to their respective funds. In addition, the Trustees should implement review and monitoring procedures to help assure that all revenues and disbursements are recorded in the correct fund.

Officials Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2012-002

Noncompliance/Significant Deficiency

Cemetery Activity

Ohio Rev. Code Section 507.04(A) states, in pertinent part, that the township fiscal officer shall keep an accurate record of the township's accounts and transactions. The Township entered into a contract with Turn-Er Green Company for a cemetery sexton to open and close graves, pour footers for tombstones, place veteran's markers, and to maintain the Willow Branch Cemetery and for the spraying of township roads. The owner of Turn-Er Green Company is related to the Township's Fiscal Officer and a Township trustee in 2011. The contract agreement states that the Township will pay for these services, when invoiced, per the rate schedule that is approved at the beginning of each year.

However, except for the maintenance of the cemetery and spraying of township roads, Turn-Er Green Company collected the revenues associated with these services rather than billing the Township. The approximate cemetery revenue collected directly from funeral homes or family members of the decedent by Turn-Er Green for the years 2012 and 2011 was estimated at \$4,550 and \$3,520, respectively based on burial permits provided to us by the Township Fiscal Officer. This did not require an audit adjustment on the Township's records, but we posted this to the Summary of Unadjusted Differences for the Township.

The lack of proper procedures to monitor the cemetery activities could result in incorrect rates being charged, activity not being recorded on the financial statements, and therefore did not provide for complete financial statements due to incomplete collection of township revenue and other accountability issues. Since the collection of cemetery revenue is the responsibility of the Township, and the revenue is considered public funds, all revenue associated with the cemetery should be deposited in the township treasury and recorded on the township books. In addition, the Trustees should be monitoring all activity of the Township, including the cemetery and assuring that all cemetery activity was properly collected and recorded accurately on the Township financial statements.

Officials Response:

We did not receive a response from Officials to this finding.

**WAYNE TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Finding for Recovery	No	Finding has not been repaid by Fiscal Officer
2010-001	Ohio Rev. Code 507.04(A) – Failure to record receipts and expenditures related to opening and closing graves	No	Repeat 2012-002
2010-002	Ohio Rev. Code 5705.36(A)(4) – Resources less than Appropriations	Yes	
2010-003	Procedures for EMS Billing and Collection	Yes	
2010-004	Failure to Record OWPC Receipts	Yes	
2010-005	Timely Deposit of Funds	Yes	

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Dave Yost • Auditor of State

WAYNE TOWNSHIP

AUGLAIZE 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
NOVEMBER 7, 2013