

Wayne Township

Champaign County

January 1, 2010 through December 31, 2011

Years Audited Under GAGAS: 2011 and 2010



Caudill & Associates, CPA

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Dave Yost • Auditor of State

Board of Trustees
Wayne Township
6137 Urbana Woodstock Pike
Cable, Ohio 43009

We have reviewed the *Independent Auditor's Report* of Wayne Township, Champaign County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2010 through December 31, 2011. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid:

Ohio Rev. Code Section 507.09 provides that a township fiscal officer's compensation varies with the township budget. The term "budget" as used in R.C. 507.09 for purposes of determining the authorized compensation of the fiscal officer, is based upon the official certificate of estimated resources, and any amended official certificates, received from the county budget commission. (1979 Op. Att'y Gen. No. 79-006). Budget must be interpreted as the amount of money that the budget commission certifies that the township would have available for expenditures during the fiscal years, as shown on its latest amended official certificate of estimated resources. 1992 Op. Att'y Gen. No. 92-003, 1999 Op. Att'y Gen. No. 99-015.

During 2010, there was a change in fiscal officers. Barbara Moore was the fiscal officer for 8 months and Mark Reid was the fiscal officer for 4 months.

Name	Budget Amount	Allowable per the ORC	Number of Months Worked	Calculated monthly Allowable pay	Calculated Allowable Pay	Actual Pay	Variance
Barbara Moore	379,182.90	12,733.00	8	1,061.08	8,488.67	9,174.64	685.97
Mark Reid	379,182.90	12,733.00	4	1,061.08	4,244.33	4,587.32	342.99
Total Overpayment					12,733.00	13,761.96	1,028.96

Board of Trustees
Wayne Township
Page 2

Upon notification of the error, Barbara Moore repaid the township \$685.97 on October 2, 2010, and Mark Reid repaid the township \$342.99 on October 2, 2010.

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 Auditor's 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 Auditor's 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.

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

January 14, 2013

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WAYNE TOWNSHIP
CHAMPAIGN COUNTY

Table of Contents
For the Years Ended December 31, 2011 and 2010

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	1 – 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2011	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2010	4
Notes to the Financial Statements	5 – 11
Independent Auditor's 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>	12 – 13
Schedule of Findings and Responses	14 - 16
Schedule of Prior Audit Findings	18



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Independent Auditor's Report

Wayne Township
Champaign County
6137 Urbana Woodstock Pike
Cable, Ohio 43009

To the Township Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Champaign County, (the Township), for the years ended December 31, 2011 and 2010. 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. 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

Wayne Township
Champaign County
Independent Auditor's Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010, of Wayne Township, Champaign County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 8, during 2011, Wayne Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 04, 2012, 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.

Caudill & Associates, CPA

Caudill & Associates, CPA
October 04, 2012

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<u>Cash Receipts:</u>				
Property and Local Taxes	\$ 31,879	\$ 152,780	\$ -	\$ 184,659
Licenses, Permits, and Fees	3,726	2,891	-	6,617
Intergovernmental	23,109	114,953	-	138,062
Earnings on Investments	203	-	-	203
Miscellaneous	-	701	-	701
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	58,917	271,325	-	330,242
<u>Cash Disbursements:</u>				
Current:				
General Government	40,074	-	-	40,074
Public Works	-	333,867	-	333,867
Health	8,903	669	-	9,572
Debt Service:				
Redemption of Principal	3,043	12,102	-	15,145
Interest and Fiscal Charges	1,209	-	854	2,063
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,229	346,638	854	400,721
Total Receipts Over/(Under) Disbursements	5,688	(75,313)	(854)	(70,479)
<u>Other Financing Receipts / (Disbursements):</u>				
Other Financing Sources	1,702	-	-	1,702
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	1,702	-	-	1,702
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,390	(75,313)	(854)	(68,777)
Fund Cash Balances, January 1	2,159	138,580	4,506	145,245
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31				
Restricted	-	63,267	-	63,267
Assigned	-	-	3,652	3,652
Unassigned (Deficit)	9,549	-	-	9,549
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 9,549	\$ 63,267	\$ 3,652	\$ 76,468

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

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<u>Cash Receipts:</u>				
Property and Local Taxes	\$ 33,366	\$ 181,601	\$ -	\$ 214,967
Licenses, Permits, and Fees	3,885	3,590	-	7,475
Intergovernmental	17,375	102,103	-	119,478
Earnings on Investments	230	79	-	309
Miscellaneous	-	4,021	-	4,021
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,856	291,394	-	346,250
<u>Cash Disbursements:</u>				
Current:				
General Government	64,587	-	-	64,587
Public Works	-	258,318	-	258,318
Health	8,383	6,352	-	14,735
Debt Service:				
Redemption of Principal	-	-	15,145	15,145
Interest and Fiscal Charges	-	-	2,811	2,811
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	72,970	264,670	17,956	355,596
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(18,114)	26,724	(17,956)	(9,346)
<u>Other Financing Receipts / (Disbursements):</u>				
Transfers-In	-	-	20,000	20,000
Transfers-Out	(5,000)	(15,000)	-	(20,000)
Advances-In	2,000	2,000	-	4,000
Advances-Out	(2,000)	(2,000)	-	(4,000)
Other Financing Sources	3,976	-	-	3,976
Other Financing Uses	(1,334)	-	-	(1,334)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(2,358)	(15,000)	20,000	2,642
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(20,472)	11,724	2,044	(6,704)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	22,631	126,856	2,462	151,949
Fund Cash Balances, December 31	<hr/> \$ 2,159 <hr/>	<hr/> \$ 138,580 <hr/>	<hr/> \$ 4,506 <hr/>	<hr/> \$ 145,245 <hr/>

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

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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, Champaign 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, and fire protection. The Township contracts with the Northeast Fire District to provide fire services.

The Township participates with Salem Township in the Mt. Carmel Cemetery (See Note 10). The residents of the Township support the Mount Carmel Cemetery through a tax levy. The Cemetery is directed by an appointed three member Board of Trustees. The Board is appointed by Salem and Wayne Township. All financial records are maintained by the Mt. Carmel Cemetery Board. Wayne Township has no financial responsibility separate from this Board.

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'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 Township values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

D. Fund Accounting (Continued)

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.

Road District Fund - This fund receives property tax money from a road levy for constructing, maintaining, and repairing Township roads.

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

3. Debt Service Funds

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 accumulates resources to retire principal and interest payments for general obligation notes of the Township meeting hall and garage.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Appropriations lapse at year end.

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.

WAYNE TOWNSHIP
CHAMPAIGN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

E. Budgetary Process (Continued)

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 re-appropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

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.

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.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Unassigned (Continued)

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. 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:

	2011	2010
Demand deposits	\$76,468	\$145,245

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,500	\$60,619	\$8,119
Special Revenue	296,000	271,325	(24,675)
Debt Service	20,000	-	(20,000)
Total	\$368,500	\$331,944	(\$36,556)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,300	\$53,229	\$13,071
Special Revenue	191,500	346,638	(155,138)
Debt Service	-	854	(854)
Total	\$257,800	\$400,721	(\$142,921)

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,134	\$58,832	(\$20,302)
Special Revenue	278,225	291,394	13,169
Debt Service	-	20,000	20,000
Total	\$357,359	\$370,226	\$12,867

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,929	\$79,304	\$21,625
Special Revenue	400,727	279,670	121,057
Debt Service	-	17,956	(17,956)
Total	\$501,656	\$376,930	\$124,726

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.

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. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$34,061	4.86%

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Debt (Continued)

In 2003, the Township issued general obligation notes to finance the purchase of a new Townhouse meeting hall and garage for Township road maintenance. The Township's taxing authority collateralized the bonds.

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

Year ending December 31:	Ohio Department of Commerce
2012	<u>\$17,878</u>
2013	<u>17,482</u>
Total	<u><u>\$35,360</u></u>

6. Retirement Systems

The Township's officials and employees (excluding volunteer firefighters) belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, 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, 2011.

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Prior to 2010, the Township carried insurance through the Ohio Township Association Risk Management Authority (OTARMA).

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Change In Accounting Principles

For 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on actual fund balances.

9. Compliance

- A. Contrary to Ohio Rev. Code 507.09, the Fiscal Officer's received an overpayment of salaries in 2010.
- B. Contrary to Ohio Rev. Code Section 5705.36, the Township's appropriations exceeded total available for appropriation in the General Fund, Gasoline Tax Fund, and Cemetery Fund in 2010, and the General Fund in 2011.
- C. Contrary to Ohio Rev. Code Section 5705.39, the Township had appropriations in excess of available resources in the Gasoline Tax Fund in 2010 and the General Fund in 2011.
- D. Contrary to Ohio Rev. Code Section 5705.41(B), the Township made disbursements in excess of appropriations in the Road District Fund and Debt Service fund in 2010, and the Gasoline Tax Fund, Road District Fund, Permissive Motor Vehicle License Fund, Lighting Fund and Debt Service Fund in 2011.
- E. Contrary to the Debt Covenant, the Township erroneously paid principal and interest from the General and Road and Bridge Funds in 2010.

10. Jointly Governed Organizations

The Township participates in one jointly governed organization with Salem Township handling Mt. Carmel Cemetery. The residents of the Township support the Mount Carmel Cemetery through a tax levy. The Cemetery is directed by an appointed three-member Board of Trustees. The Board is appointed by Salem and Wayne Townships. All financial records are maintained by the Mt. Carmel Cemetery Board. Wayne Township has no financial responsibility separate from this Board.



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Independent Auditor's 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*

Wayne Township
Champaign County
6137 Urbana Woodstock Pike
Cable, Ohio 43009

To the Township Board of Trustees:

We have audited the financial statements of Wayne Township, Champaign County, Ohio (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated October 04, 2012, wherein we noted the Township adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54) in 2011. 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 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 of 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, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2011-005 and 2011-007 described in the accompanying schedule of findings and responses to be material weaknesses.

Wayne Township
Champaign County

Independent Auditor's 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
(Continued)

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2011-001 through 2011-004 and 2011-007.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 04, 2012.

We intend this report solely for the information and use of management, Board of Trustees, Auditor of State and others within the Township. We intend it for no one other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA

October 04, 2012

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

Finding Number 2011-001

Noncompliance Citation – Overpayment of Fiscal Officers

Ohio Revised Code Section 507.09 states that the compensation of township fiscal officers is determined annually based on the Township budget. Ohio Revised Code section 507.09(c) states, “The compensation of the township fiscal officer shall be paid in equal monthly payments. If the office of the township fiscal officer is held by more than one person during any calendar year, each person holding the office shall receive payments for only those months, and any fractions of those months, during which the person holds the office.

We compared the total 2010 total budget of \$379,183 to the Ohio Revised Code’s allowable annual compensation schedule and noted that the Fiscal Officer’s approved annual salary for 2010 was \$12,733, based on allowable compensation rates. Our calculation is as follows:

Name	2010 Total budget	Annual Salary Per ORC	# of months worked in 2010	Calculated monthly salary per ORC	Calculated Annual pay	Actual Annual Wage Paid	Calculated Overpayment
Barbara Moore	\$379,194	\$12,733	8	\$1,061	\$8,488	\$9,175	\$686
Mark Reid	\$379,194	\$12,733	4	\$1,061	\$4,244	\$4,587	\$343
					\$12,733	\$13,762	\$1,029

The overpayments to the fiscal officers were repaid to Township before the date of this report.

Township Response:

The Township chose not to respond.

Finding Number 2011-002

Noncompliance Citation – Appropriations in Excess of Available Resources

Ohio Revised Code Section 5705.36 (A) (2), allows all subdivisions to request increased amended certificates of estimated resources or reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36 (A) (3) requires obtaining amended certificates from the budget commission if the legislative authority intends to appropriate and expend excess revenues. Ohio Revised Code Section 5705.36 (A) (4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2010, the general fund, gasoline tax fund and the cemetery fund had appropriations in excess of their available resources. In 2011, the General fund had appropriations in excess of their available resources. Failure to obtain reduced amended certificate, when actual revenues are less than the budgeted revenues, may lead to expenditures in excess of available fund balances.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2011-002 (Continued)

We recommend the Township obtain a reduced certificate of estimated resources when it is determined that estimated receipts will be less than the actual receipts causing resources to fall below the level of appropriations. Approval of the modifications should be enacted and documented in the Village Council's Minutes.

Township Response:

The Township chose not to respond.

Finding Number 2011-003

Noncompliance Citation – Appropriations in Excess of Estimated Resources

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Township had appropriations exceeding total estimated resources in the Gasoline Tax Fund in 2010 and General Fund in 2011.

We recommend that the Township ensure the estimated resources are sufficient to cover appropriation at the time of certification or amendment.

Township Response:

The Township chose not to respond.

Finding Number 2011-004

Noncompliance – Expenditures exceeded appropriations.

The Ohio Revised Code Section 5705.41(B) provides that no expenditures shall be made without first being appropriated.

During fiscal year 2010, expenditures exceeded appropriations at the fund level concerning the Road District Fund and the Debt Service Fund. During fiscal year 2011, expenditures exceeded appropriations at the fund level concerning the Gasoline Tax fund, Road District Fund, Permissive Motor Vehicle License Fund, Lighting Fund, and the Debt Service Fund. The Township should implement procedures to monitor its budget for each fund and expend money only when it has been appropriated.

Failure to limit expenditures to appropriations could result in deficit spending and deficit fund balances. The Township should establish sound budgetary controls to ensure that expenditures do not exceed appropriations for any fund.

Township Response:

The Township chose not to respond.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2011-005

Material Weakness – Reportable Wages

Ohio Revised Code 4123.01 defines that the word “employee” as it is used in the workers’ compensation act and provides that an employee shall mean every person in the service of the township including elected officials of the township. **Internal Revenue Service (IRS) Publication 15 (2010), (Circular E), Employer’s Tax Guide** requires that entities need to report all reportable wages in the Employer’s Quarterly Federal Tax Returns Form 941.

Wages and income tax withheld reported on the Form 941 in 2010 and 2011 did not reconcile to payroll documentation.

We recommend the Township report all wages paid during the year as required.

Township Response:

The Township chose not to respond.

Finding Number 2011-006

Material Weakness – Misclassification of Receipts and Debt Payments

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditor during a financial statements audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

During 2011, the Township erroneously posted the principal and interest payments of the general obligation note to the general fund and Road and Bridge fund instead of the Debt Service Fund as required by the Debt Covenant. As well, the Township posted Rollback and Homestead revenue to property taxes of the respective funds requiring a reclassification.

We recommend the Township implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Township Response:

The Township chose not to respond.

WAYNE TOWNSHIP
CHAMPAIGN COUNTY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

Finding Number 2011-007

Noncompliance/Material Weakness – Failure to utilize Debt Service Fund

The 2003 note agreement with Citizen’s National Bank states, “due provision has made for levying and collecting annually by taxation an amount sufficient to pay the interest on this Note as it falls due, and to provide a fund for the redemption.”

In previous years, the Township Trustees, on an annual basis, approved a transfer of funds to the Debt service fund to cover principal and interest payments for this note. However, in 2011, the Township erroneously posted the principal and interest payments of the general obligation note to the general fund and Road and Bridge fund, which bypassed the Debt Service Fund. While this had little to no effect on ending fund balances for the General Fund, Road and Bridge Fund and the Debt Service Fund, the Debt Service Fund does not properly reflect the activity of the note.

There were no audit adjustments made to the financial statements to reflect the erroneous activity of the debt obligations. As previously stated, the misstatements of the debt payment activity did not affect the ending fund balances.

We recommend the Township follow related requirements of the debt covenants and maintain consistency to properly reflect the financial activity of the township.

Township Response:

The Township chose not to respond.

**WAYNE TOWNSHIP
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding # 2009-001	Material Weakness – Misclassification of Receipts and Debt Payments	No	Reissued as Finding No. 2011-006
Finding # 2009-002	Non-compliance with ORC Section 5705.10	Yes	Finding No Longer Valid
Finding # 2009-003	Non-compliance with ORC Section 5705.36(A)(2)	No	Reissued as Finding 2011-002
Finding # 2009-004	Non-compliance with ORC Section 5705.39	No	Reissued as Finding 2011-003
Finding # 2009-005	Reportable Wages	No	Reissued as Finding No. 2011-005



Dave Yost • Auditor of State

WAYNE TOWNSHIP

CHAMPAIGN 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
JANUARY 24, 2013