



Dave Yost • Auditor of State

WAYNE TOWNSHIP
CLERMONT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wayne Township
Clermont County
6320 State Route 133
Goshen, Ohio 45122

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2011 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, or its changes in financial position for the years then ended.

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

As described in Note 1, during 2011 the 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 February 11, 2014, 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.

We conducted our audit to opine on the Township's financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Dave Yost
Auditor of State

Columbus, Ohio

February 11, 2014

**WAYNE TOWNSHIP
CLERMONT COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$68,216	\$498,564	\$0	\$566,780
Charges for Services	0	119,121	0	119,121
Licenses, Permits and Fees	32,509	23,884	0	56,393
Intergovernmental	108,016	533,334	287,000	928,350
Earnings on Investments	2,187	62	0	2,249
Miscellaneous	14,863	33,632	0	48,495
<i>Total Cash Receipts</i>	<u>225,791</u>	<u>1,208,597</u>	<u>287,000</u>	<u>1,721,388</u>
Cash Disbursements				
Current:				
General Government	183,801	95,726	0	279,527
Public Safety	0	881,273	0	881,273
Public Works	0	189,791	0	189,791
Health	0	18,729	0	18,729
Capital Outlay	20,778	167,419	301,384	489,581
<i>Total Cash Disbursements</i>	<u>204,579</u>	<u>1,352,938</u>	<u>301,384</u>	<u>1,858,901</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>21,212</u>	<u>(144,341)</u>	<u>(14,384)</u>	<u>(137,513)</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	8,000	0	8,000
Transfers Out	(8,000)	0	0	(8,000)
Advances In	0	68,000	0	68,000
Advances Out	(68,000)	0	0	(68,000)
Other Financing Sources	0	300	0	300
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(76,000)</u>	<u>76,300</u>	<u>0</u>	<u>300</u>
<i>Net Change in Fund Cash Balances</i>	<u>(54,788)</u>	<u>(68,041)</u>	<u>(14,384)</u>	<u>(137,213)</u>
<i>Fund Cash Balances, January 1</i>	<u>292,440</u>	<u>546,487</u>	<u>14,384</u>	<u>853,311</u>
Fund Cash Balances, December 31				
Restricted	0	478,446	0	478,446
Unassigned (Deficit)	237,652	0	0	237,652
<i>Fund Cash Balances, December 31</i>	<u><u>\$237,652</u></u>	<u><u>\$478,446</u></u>	<u><u>\$0</u></u>	<u><u>\$716,098</u></u>

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

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**WAYNE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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 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, police protection, 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

The Township maintains a deposit pool for all funds use. The Township values its certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

Fire Fund - This fund receives property tax money received for fire protection.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

WAYNE TOWNSHIP
CLERMONT COUNTY

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

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

Permanent Improvement Fund – This fund receipts and disburses FEMA grant money used to build the Township fire station.

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. The Township did not encumber all commitments required by Ohio law.

A summary of 2011 budgetary activity appears in Note 3.

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. **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.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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.

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.

H. Accumulated Leave

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

2. Equity in Pooled Deposits

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

	2011
Demand deposits	<u>\$243,752</u>
Certificates of deposit	472,346
Total deposits	<u><u>\$716,098</u></u>

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

**WAYNE TOWNSHIP
CLERMONT COUNTY**

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

3. Budgetary Activity

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

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$228,081	\$225,791	(\$2,290)
Special Revenue	1,294,747	1,216,897	(77,850)
Capital Projects	287,000	287,000	0
Total	\$1,809,828	\$1,729,688	(\$80,140)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$239,952	\$212,579	\$27,373
Special Revenue	1,046,481	1,352,938	(306,457)
Capital Projects	301,384	301,384	0
Total	\$1,587,817	\$1,866,901	(\$279,084)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following Special Revenue funds: Gasoline (\$10,539), Fire District (\$10,235), Road and Bridge (\$5,533), and Miscellaneous (\$352,741) for the year ended December 31, 2011.

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. Retirement Systems

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

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

5. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2011, OP&F participants contributed 10% of their wages. For 2011, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2011, 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.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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**WAYNE TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Program Title	Award Number	CFDA Number	Expenditures
U. S. DEPARTMENT OF HOMELAND SECURITY			
Direct			
Assistance to Firefighters Grant - ARRA Fire Station Construction	EMW-2009-FC-00723R	97.115	\$ 381,384
Assistance to Firefighters Grant - Fire Grants	EMW-2010-FV-00139	97.044	188,100
Assistance to Firefighters Grant - Fire Grants	EMW-2010-FO-00213	97.044	164,641
Total U.S. Department of Homeland Security			<u>734,125</u>
TOTAL FEDERAL AWARDS			<u>\$ 734,125</u>

See notes to Schedule of Expenditures of Federal Awards

**WAYNE TOWNSHIP
CLERMONT COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of activity of the Township's federal award programs and has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require the Township contribute non-federal funds (matching funds) to support the federally-funded programs. The Township has complied with the matching requirements. The expenditure of non-federal matching funds is not included in the schedule.



Dave Yost • Auditor of State

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

Wayne Township
Clermont County
6320 State Route 133
Goshen, Ohio 45122

To the Board of Trustees:

We have audited the financial statements of Wayne Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2011, and have issued our report thereon dated February 11, 2014 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 noted during 2011, the Township adopted the provisions of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not for 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 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 2011-001 and 2011-002 described in the accompanying schedule of findings to be material weaknesses.

We also noted certain matters not requiring inclusion in this report that we reported to the Government's management in a separate letter dated February 11, 2014.

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 as items 2011-001 through 2011-004.

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

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



Dave Yost
Auditor of State

Columbus, Ohio

February 11, 2014



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Wayne Township
Clermont County
6320 State Route 133
Goshen, Ohio 45122

To the Board of Trustees:

Compliance

We have audited the compliance of Wayne Township, Clermont County, Ohio (the Township), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Wayne Township's major federal programs for the year ended December 31, 2011.

We have also audited and issued our unqualified opinion on the financial statements of Wayne Township, Clermont County (the Township) as of and for the year ended December 31, 2011, and have issued our report thereon dated February 11, 2014. 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. Our opinion also explained that the Township adopted the provisions of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. The *summary of auditor's results* section of the accompanying schedule of finding identifies the Township's major federal programs. The Township's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Township's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with these requirements.

In our opinion, Wayne Township, Clermont County, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of non-compliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-005.

Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency deficiencies in internal control over compliance that we consider to be a significant deficiency deficiencies, described in the accompanying schedule of findings as item 2011-006. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Wayne Township
Clermont County
Independent Accountants' Report on Compliance With Requirements
Applicable to Each Major Program and ON Internal Control Over
Compliance Required By OMB Circular A-133
Page 3

We intend this report solely for the information and use of the management, The Township Board of Trustees, others within the entity, and federal awarding agencies. It is not intended for anyone other than these specified parties.

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

Dave Yost
Auditor of State

Columbus, Ohio

February 11, 2014

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**WAYNE TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	0
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	97.115 - (ARRA) Assistance to Firefighters Grant Fire Station Construction 97.044 - Assistance to Firefighters Grant
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2011-001

Noncompliance/Material Weakness

Ohio Admin. Code § 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

We noted the following conditions related to the Township's accounting records:

- The Township failed to make audit adjustments related to the 2009 and 2010 audits which cause the January 1, 2011 cash balances to be overstated by \$6,800.
- The Township did not post certain interest payments in the amount of \$151.
- The Township posted State rollback intergovernmental receipts as *Property and Other Local Taxes* receipts instead of *Intergovernmental* receipts in the General, Road and Bridge, Fire, and Special Levy Funds in amounts of \$12,113, \$13,836, \$62,187, and \$4,484 respectively;
- The Township posted cable franchise fees as *Miscellaneous* receipts instead of *Licenses, Permits and Fees* receipts in the General Fund in the amount of \$32,509.
- The Township advanced \$68,000 from the General Fund to the Fire Fund; however, the advance was never paid back to the General Fund.

The Township posted audit adjustments to the financial statements and accounting records where appropriate.

Failure to maintain accurate records and post transactions accurately and timely: 1) resulted in inaccurate financial statements, 2) reduced the accountability over Township funds, 3) reduced the Board's ability to monitor financial activity and make informed financial decisions; and 4) increased the risk that errors, theft and fraud could occur and not be detected in a timely manner.

Officials' Response:

The Township made all adjustments noted by the State Auditor and noted all reclassifications. Regarding the advance, the Township followed what it understood to be policies and guidance from UAN and the County Auditor; corrective action has been implemented.

FINDING NUMBER 2011-002

Noncompliance/Material Weakness

Ohio Admin. Code § 117-2-02 (C)(1) states all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Appropriations posted to the accounting system and subsequently reported in the financial statements did not agree with appropriations made by the Board of Trustees in the following funds:

Fund Type	Appropriations Adopted or Filed	Appropriations Posted in the Accounting System	Variance
General Fund	\$ 239,952	\$ 279,952	\$ (40,000)
Special Revenue Funds	1,046,481	1,435,362	(388,881)

The Township posted the corrected budget amounts to the financial statements.

Failure to post the appropriations as approved by the Board of Trustees increases the risk that funds could be overspent.

We recommend that the Board adopt appropriations and the amounts adopted should be recorded in the minute records. Only those appropriations amounts adopted by the Board and documented in the minute records should be posted in the accounting system and reported in the financial statements.

Officials' Response:

So noted, corrective action will be taken.

FINDING NUMBER 2011-003

Noncompliance

Ohio Rev. Code, § 5705.41(B), prohibits a subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations in 2011 in the following funds:

Fund	Amount of expenditures that exceeded appropriations
2021 - Gasoline Tax	\$ 10,539
2111 - Fire District	10,235
2231 - Road and Bridge	5,533
2902 - Miscellaneous Federal Fund	164,641
2903 - Miscellaneous Federal Fund	188,100

**FINDING NUMBER 2011-003
(Continued)**

Failure to monitor budgetary expenditures and available appropriations can result in overspending and negative cash balances. The Board of Trustees should monitor the budgetary expenditures and monitor the budgetary position of the Township through the year, to determine when appropriation amendments are needed.

Officials' Response:

So noted, corrective action will be taken.

FINDING NUMBER 2011-004

Noncompliance

Ohio Rev. Code, § 5705.41(D), states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

We noted the Township did not properly certify the availability of funds for purchase commitments for eight out of eleven Federal expenditures tested (72%) in 2011 and three out of seventeen non-Federal expenditures (18%) in 2011.

In addition to the issues noted above we also noted that the Township failed to pass a resolution setting the maximum rate for regular blanket certificates.

**FINDING NUMBER 2011-004
 (Continued)**

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

Officials' Response:

Corrective action will be taken.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2011-005
CFDA Title and Number	97.044 and 97.115
Federal Award Number / Year	EMW-2010-FO-00213/2011 EMW-2010-FV-00139/2011
Federal Agency	Department of Homeland Security
Pass-Through Agency	N/A

Noncompliance

A-102 Common Rule .34(f) states, the recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following.

- (1) Equipment records shall be maintained accurately and shall include the following information.
 - (i) A description of the equipment.
 - (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
 - (iii) Source of the equipment, including the award number.
 - (iv) Whether title vests in the recipient or the Federal Government.
 - (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
 - (vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).

**FINDING NUMBER 2011-005
 (Continued)**

(vii) Location and condition of the equipment and the date the information was reported.

(viii) Unit acquisition cost.

(ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.

The Township did not maintain adequate inventory records as required by the common rule as the equipment records lacked: manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number, source of the equipment, including the award number, whether title vests in the recipient or the Federal Government, acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost, information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government), unit acquisition cost, and ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.

Failure to maintain complete and accurate equipment records restricts the Township's accountability for equipment purchased with federal funds, and could lead to undetected theft or improper disposal of equipment.

We recommend that the Township maintain the required equipment inventory records.

Officials' Response:

Corrective action will be taken.

Finding Number	2011-006
CFDA Title and Number	97.044 and 97.115
Federal Award Number / Year	EMW-2010-FO-00213/2011 EMW-2010-FV-00139/2011
Federal Agency	Department of Homeland Security
Pass-Through Agency	N/A

Significant Deficiency

A-102 Common Rule .52 (a) states, in part that the following forms or such other forms as may be approved by OMB are authorized for obtaining financial information from recipients.

(1) SF-269 or SF-269A, Financial Status Report.

(i) Each Federal awarding agency shall require recipients to use the SF-269 or SF-269A to report the status of funds for all nonconstruction projects or programs. A Federal awarding agency may, however, have the option of not requiring the SF-269 or SF-269A when the SF-270, Request for Advance or

FINDING NUMBER 2011-006
(Continued)

Reimbursement, or SF-272, Report of Federal Cash Transactions, is determined to provide adequate information to meet its needs, except that a final SF-269 or SF-269A shall be required at the completion of the project when the SF-270 is used only for advances. . . .

Note: SF 269 was replaced by SF 425/425(A).

The Township did not accurately report match amounts on the 425 reports to the Federal awarding agency.

Failure to report accurate data to the Federal awarding agency could lead to questioned costs and inaccurate financial reporting.

Officials' Response:

Corrective action will be taken.

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**WAYNE TOWNSHIP
CLERMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Identification of various misstatements to the financial statements resulting in audit adjustments. (Ohio Admin. Code § 117-2-02(A) requires public offices to maintain an accounting system.)	No	Reissued as 2011-001
2010-002	Ohio Rev. Code § 5705.36 (A)(4), Actual resources less than estimated resources.	Yes	

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**WAYNE TOWNSHIP
CLERMONT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-005	Wayne Township understands the need to retain all required federal files and is committed to meeting this mandate in future years.	February 11, 2014	Sandra Borchers, Fiscal Officer
2011-006	Wayne Township understands the need to file accurate federal reports and is committed to meeting this mandate in future years.	February 11, 2014	Sandra Borchers, Fiscal Officer

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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
MARCH 4, 2014