

WAYNE TOWNSHIP  
ADAMS COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
YEARS AUDITED UNDER GAGAS: 2007 AND 2006

CAUDILL & ASSOCIATES CPA's

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725 5<sup>TH</sup> Street  
Portsmouth, Ohio 45662





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Wayne Township  
420 Cross Road  
Winchester, Ohio 45697

We have reviewed the *Independent Auditor's Report* of Wayne Township, Adams County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2007. 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.

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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 18, 2008

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**WAYNE TOWNSHIP  
ADAMS COUNTY**

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ADAMS COUNTY

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# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## Independent Auditor's Report

To the Board of Trustees  
Wayne Township  
75 State Route 137  
Cherry Fork, Ohio 45618

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne Township (the Township), Adams County, as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

There was insufficient evidence supporting the fundraising receipts, recorded as miscellaneous receipts in the Fire District Fund in 2006. The 2006 miscellaneous receipts, in the Fire District fund, in the amount of \$3,207 are reported without evidential matter as we were unable to obtain sufficient information regarding the miscellaneous receipts recorded for the Fire District fund, and were unable to satisfy ourselves regarding the validity of the underlying transactions through other auditing procedures. These miscellaneous receipts were 7.6% percent of the total Fire District fund receipts in 2006.

In our opinion, except for the effects of audit adjustments, if any, as might have been determined necessary as we have been able to examine certain information regarding the Fire district fund miscellaneous receipts, in 2006, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Township, Adams County, as of December 31, 2007, and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, the Gasoline Tax Fund, the Fire District Fund, the Fire Grant Fund(2006 only), thereof and for the years then ended in conformity with the basis of accounting Note 2 describes.

As discussed in Note 2, the Township has prepared these financial statements and notes, using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

Wayne Township  
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2008, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Caudill & Associates, CPAs*

Caudill & Associates, CPAs

August 29, 2008



Wayne Township  
Adams County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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This management discussion and analysis of the Wayne Township, Adams County, and financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the financial statements and notes to enhance their understanding of the Township's financial performance.

**Key financial highlights for the fiscal year 2007 and 2006 are as follows:**

- Net assets of governmental activities increased \$4,607 or 2% in 2007 and increased \$32,960 or 17.3% in 2006. The fund most affected by the increase in net assets in 2006 was the Gasoline Tax Fund. The General fund reduced its capital outlay expenditures in 2006.
- General cash receipts accounted for \$152,882 or 57.65% of all cash receipts in 2007, and \$168,894 or 44.38% in 2006. Program cash receipts in the form of charges for services, grants, and contributions, accounted for \$112,291 or 42.35% in 2007, and \$211,630 or 55.62% in 2006.
- The Township had \$260,566 and \$347,564 in cash disbursements related to governmental activities in 2007 and 2006 respectively; only \$112,291 and \$211,630 of these cash disbursements, respectively, were offset by program specific charges for services, grants, and contributions.
- The Township's most significant sources of receipts include property taxes, state and local levied taxes, and grant revenues. The township's most significant expenditures are made for police and fire protection, garbage and waste disposal, and for maintenance of Township roads and streets.

**Using the Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements – and Management's Discussion and analysis – for State and Local Governments*", as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Wayne Township  
Adams County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position are indicators of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, one should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township has one type of activity classified as governmental in nature.

**Governmental activities:** Most of the Township's basic services are reported here, including road maintenance, and fire protection. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Wayne Township  
Adams County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Township's only funds are governmental funds.

**Governmental Funds** - All of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed short-term view of the Township's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance educational programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. See Note 2 to the financial statements in the section entitled *Government-Wide Financial Statements*.

**The Government as a Whole**

Table 1 provides a summary of the Government's net assets for 2007 compared to 2006 and 2005 on a cash basis:

	<b>Net Assets</b>		
	<u>Governmental Activities</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 228,177	\$ 223,570	\$ 19,610
Investments	200	200	200
<b>Total Assets</b>	<u><u>228,377</u></u>	<u><u>223,770</u></u>	<u><u>19,810</u></u>
<b>Net Assets</b>			
Restricted for:			
Capital Outlay	-	-	5,429
Other Purposes	139,193	125,197	99,757
Unrestricted	89,184	98,573	85,624
<b>Total Net Assets</b>	<u><u>\$ 228,377</u></u>	<u><u>223,770</u></u>	<u><u>\$ 190,810</u></u>

As mentioned previously, net assets of governmental activities increased \$4,607 or 2% percent, and \$32,906 or 17.3%, in 2007 and 2006 respectively. Net assets increased in 2006 mainly due to a decrease in capital outlay expenditures.

Wayne Township  
Adams County  
Management's Discussion and Analysis  
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Table 2 reflects the changes in net assets in 2007, 2006 and 2005.

**Changes in Net Assets**

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 21,331	\$ 15,591	\$ 210
Operating Grants and Contributions	86,677	96,880	96,304
Capital Grants and Contributions	4,283	99,159	83,619
Total Program Receipts	<u>112,291</u>	<u>211,630</u>	<u>180,133</u>
General Receipts:			
Property and other Local Taxes	112,212	108,356	101,895
Grants and Entitlements Not Restricted to Specific Programs	32,185	47,448	61,664
Interest	7,029	4,950	1,912
Miscellaneous	126	7,240	31,683
Proceeds from sale of Bonds	-	-	38,000
Proceeds from sale of Fixed Assets	1,330	900	7,385
Total General Receipts	<u>152,882</u>	<u>168,894</u>	<u>242,539</u>
Total Receipts	<u>265,173</u>	<u>380,524</u>	<u>422,672</u>
Disbursements:			
General Government	88,684	85,458	74,570
Public Safety	22,248	21,365	75,381
Public Health Services	15,975	14,879	15,404
Public Works	79,304	86,771	85,968
Capital Outlay	30,626	128,616	127,482
Debt Services:			
Prinicpal Retirement	22,820	9,232	6,250
Interst and Fiscal Charges	909	1,243	-
Total Disbursements	<u>260,566</u>	<u>347,564</u>	<u>385,055</u>
Increase (Decrease) in Net Assets	<u>4,607</u>	<u>32,960</u>	<u>37,617</u>
Beginning Net Assets	223,770	190,810	153,193
Net Assets, End of Year	<u>\$ 228,377</u>	<u>\$ 223,770</u>	<u>\$ 190,810</u>

Wayne Township  
Adams County  
Management's Discussion and Analysis  
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Program receipts represent only 42.35% and 55.62% of total receipts in 2007 and 2006 respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and from grants restricted for certain capital improvements.

General receipts represent 57.65% and 44.38% of the Township's total receipts in 2007 and 2006 respectively, and of this amount, 73.4% and 64.16% are local taxes. Other sources of general receipts include unrestricted grants and entitlements, interest revenue, and miscellaneous revenues.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the general costs of administration, including salaries and wages. Disbursements classified as public safety are the costs of police and fire protection. Disbursements classified as public works include the costs of maintenance of streets and roads.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 (next) shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$ 88,684	\$ 73,303	\$ 85,458	\$ 73,947
Public Safety	22,248	22,248	21,365	21,015
Public Works	79,304	(7,573)	86,771	(9,789)
Public Health	15,975	10,225	14,879	10,829
Capital Outlay	30,626	26,343	128,616	29,457
Debt Services:				
Principal Retirement	22,820	22,820	9,232	9,232
Interest and Fiscal Changes	909	909	1,243	1,243
Total Expenses	<u>\$ 260,566</u>	<u>\$ 148,275</u>	<u>\$ 347,564</u>	<u>\$ 135,934</u>

The dependence upon property and income tax receipts and settlements is apparent as over 43.09%, and 60.89% of governmental activities for 2007 and 2006 respectively, are supported through these general receipts.

**The Government's Funds**

Total governmental fund had receipts of \$265,173 and \$391,004 in 2007 and 2006 respectively, and had disbursements of \$260,566 and \$358,044 in 2007 and 2006 respectively.

In Fiscal year 2007, the greatest change within governmental funds occurred within the Fire District Fund and the Other Governmental funds.

Wayne Township  
Adams County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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During that year, the fund balance of the Fire District decreased from \$39,483 to \$29,006 as the result of the township retirement of the fire truck bond.

The Other Governmental fund balance increased from \$18,550 to \$33,426 due to a reduction on capital outlay expenditures in the Cemetery Fund and Wayne Recreation Fund.

In Fiscal year 2006, major changes in fund balances occurred within the General Fund, and the Gasoline Tax Fund.

The General Fund balance increased from \$85,624 to \$98,573 mainly because of reduced capital outlay expenditures.

The Gasoline Tax Fund balance increased from \$33,723 to \$67,165 fueled by an increase in intergovernmental receipts and a decrease in capital outlay expenditures.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Township for any purpose, provided that is expended or transferred according to the general laws of Ohio.

During 2007 and 2006, the Township amended its General Fund budgeted appropriations to reflect changing circumstances. General Fund receipts received were \$30,123 and \$24,384 greater than final budgeted in 2007 and 2006 respectively.

Final disbursements (excluding transfers-out) for 2007 were budgeted at \$171,603, while actual disbursements (excluding transfers-out) were \$120,032

Final disbursements (excluding transfers-out) for 2006 were budgeted at \$133,069 while actual disbursements (excluding transfers-out) were \$92,067

The Township disbursed 69.95%, and 69.19% of budgeted expenditures in 2007 and 2006 respectively. The Township kept disbursements below budgeted expenditures as required by the Ohio Revised Code.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township maintains detailed records of all its capital assets. The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**Debt**

As of December 31, 2007, the Township had no outstanding debt.

Wayne Township  
Adams County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a balanced budget each of the next several years if there are no decreases in the property taxes and no cuts in the Local Government funds, which are now being received as the Trustees have been very prudent in their planning and spending and have not had any debts in several years.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ms. Penny Tolle, Fiscal Officer, Wayne Township, Adams County, 75 State Route 137, Cherry Fork, OH 45618.

**Wayne Township**  
Statement of Net Assets - Cash Basis  
December 31, 2007

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$ 228,177
Investments	200
 <i>Total Assets</i>	 \$ 228,377
 <b><u>Net Assets:</u></b>	
Restricted for:	
Other Purposes	\$ 139,193
Unrestricted	89,184
 <i>Total Net Assets</i>	 \$ 228,377

See Accompanying Notes to the Financial Statements



**Wayne Township**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>					
General Government	\$ 88,684	\$ 15,381	\$ -	\$ -	\$ (73,303)
Security of Persons and Property	22,248	-	-	-	(22,248)
Public Works	79,304	200	86,677	-	7,573
Health Services	15,975	5,750	-	-	(10,225)
Capital Outlay	30,626	-	-	4,283	(26,343)
Debt Service:					
Principal	22,820	-	-	-	(22,820)
Interest	909	-	-	-	(909)
<i>Total Governmental Activities</i>	<u>260,566</u>	<u>21,331</u>	<u>86,677</u>	<u>4,283</u>	<u>(148,275)</u>
<b>General Receipts</b>					
Property and Other Taxes Levied for					
General Purposes					59,210
Fire District					33,775
Cemetery					12,476
Road & Bridge					6,751
Grants and Entitlements not Restricted to Specific Programs					32,185
Sale of Fixed Asset					1,330
Interest					7,029
Miscellaneous					126
<i>Total General Receipts</i>					<u>152,882</u>
Change in Net Assets					4,607
<i>Net Assets, Beginning of Year</i>					<u>223,770</u>
<i>Net Assets, End of Year</i>					<u>\$ 228,377</u>

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Cash Basis Assets and Fund Balances - Governmental Funds  
December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 89,184	\$ 76,761	\$ 29,006	\$ 33,226	\$ 228,177
Investments	-	-	-	200	200
<i>Total Assets</i>	<u>\$ 89,184</u>	<u>\$ 76,761</u>	<u>\$ 29,006</u>	<u>\$ 33,426</u>	<u>\$ 228,377</u>
<b><u>Fund Balances:</u></b>					
Reserved:					
Reserved for Encumbrances	\$ 1,486	\$ -	\$ 503	\$ -	\$ 1,989
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	87,698	-	-	-	87,698
Special Revenue Funds	-	76,761	28,503	33,226	138,490
Permanent Fund	-	-	-	200	200
<i>Total Fund Balances</i>	<u>\$ 89,184</u>	<u>\$ 76,761</u>	<u>\$ 29,006</u>	<u>\$ 33,426</u>	<u>\$ 228,377</u>

See Accompanying Notes to the Financial Statements

**Wayne Township**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds  
For the Year Ended December 31, 2007

	General	Gasoline Tax	Fire District	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>					
Property and Other Local Taxes	\$ 59,210	\$ -	\$ 33,775	\$ 19,227	\$ 112,212
Licenses, Permits and Fees	-	-	-	200	200
Intergovernmental	29,831	81,019	4,283	8,012	123,145
Interest	4,370	2,533	-	126	7,029
Miscellaneous	15,507	-	-	5,750	21,257
<i>Total Receipts</i>	<u>108,918</u>	<u>83,552</u>	<u>38,058</u>	<u>33,315</u>	<u>263,843</u>
<b><u>Disbursements:</u></b>					
Current:					
General Government	88,652	-	-	32	88,684
Public Safety	-	-	22,248	-	22,248
Public Works	-	73,956	-	5,348	79,304
Health	3,435	-	-	12,540	15,975
Capital Outlay	26,459	-	3,887	280	30,626
Debt Service:					
Principal Retirement	-	-	22,820	-	22,820
Interest and Fiscal Charges	-	-	909	-	909
<i>Total Disbursements</i>	<u>118,546</u>	<u>73,956</u>	<u>49,864</u>	<u>18,200</u>	<u>260,566</u>
Net Change in Fund Balances	<u>(9,628)</u>	<u>9,596</u>	<u>(11,806)</u>	<u>15,115</u>	<u>3,277</u>
<b><u>Other Financing Sources (Uses):</u></b>					
Other Financing Sources	239	-	-	-	239
Other Financing Uses	-	-	-	(239)	(239)
Proceeds from the sale of Fixed Assets	-	-	1,330	-	1,330
<i>Total Other Financing Sources (Uses)</i>	<u>239</u>	<u>-</u>	<u>1,330</u>	<u>(239)</u>	<u>1,330</u>
Net Change in Fund Balances	<u>(9,389)</u>	<u>9,596</u>	<u>(10,476)</u>	<u>14,876</u>	<u>4,607</u>
Fund Balances, Beginning of Year	<u>98,573</u>	<u>67,165</u>	<u>39,482</u>	<u>18,550</u>	<u>223,770</u>
Fund Balances, End of Year	<u>\$ 89,184</u>	<u>\$ 76,761</u>	<u>\$ 29,006</u>	<u>\$ 33,426</u>	<u>\$ 228,377</u>

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 52,200	\$ 52,200	\$ 59,210	\$ 7,010
Intergovernmental	26,595	26,595	29,831	3,236
Interest	-	-	4,370	4,370
Miscellaneous	-	-	15,507	15,507
<i>Total Receipts</i>	78,795	78,795	108,918	30,123
<b><u>Disbursements:</u></b>				
Current:				
General Government	134,353	152,521	88,652	63,869
Health	5,250	5,250	3,435	1,815
Capital Outlay	32,000	32,000	26,459	5,541
<i>Total Disbursements</i>	171,603	189,771	118,546	71,225
Excess of Receipts Over (Under) Disbursements	(92,808)	(110,976)	(9,628)	101,348
<b><u>Other Financing Sources (Uses):</u></b>				
Other Financing Source	-	-	239	239
<i>Total Other Financing Sources (Uses)</i>	-	-	239	239
Net Change in Fund Balance	(92,808)	(110,976)	(9,389)	101,587
Fund Balance, Beginning of Year	97,341	97,341	97,341	-
Prior Year Encumbrances Appropriated	1,232	1,232	1,232	-
Fund Balance, End of Year	\$ 5,765	\$ (12,403)	\$ 89,184	\$ 101,587

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$ 74,375	\$ 74,375	\$ 81,019	\$ 6,644
Interest	-	-	2,533	2,533
<i>Total Receipts</i>	74,375	74,375	83,552	9,177
<b><u>Disbursements:</u></b>				
Current:				
Public Works	107,021	117,021	73,956	43,065
Capital Outlay	20,675	10,675	-	10,675
<i>Total Disbursements</i>	127,696	127,696	73,956	53,740
Excess of Receipts Over (Under) Disbursements	(53,321)	(53,321)	9,596	62,917
Fund Balance Beginning of Year	66,482	66,482	66,482	-
Prior Year Encumbrances Appropriated	683	683	683	-
Fund Balance, End of Year	\$ 13,844	\$ 13,844	\$ 76,761	\$ 62,917

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire District Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 30,725	\$ 30,725	\$ 33,775	\$ 3,050
Charges for Services	500	500	-	(500)
Intergovernmental	5,800	5,800	4,283	(1,517)
Interest	1,500	1,500	-	(1,500)
				-
<i>Total Receipts</i>	38,525	38,525	38,058	(467)
<b><u>Disbursements:</u></b>				
Current:				
Security of Persons and Property	47,805	47,905	22,248	25,657
Capital Outlay	19,000	5,171	3,887	1,284
Debt Service:				
Principal Retirement	10,600	24,329	22,820	1,509
Interest and Fiscal Charges	600	600	909	(309)
<i>Total Disbursements</i>	78,005	78,005	49,864	28,141
Excess of Receipts Over (Under) Disbursements	(39,480)	(39,480)	(11,806)	27,674
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from the Sale of Fixed Assets	-	-	1,330	1,330
<i>Total Other Financing Sources (Uses)</i>	-	-	1,330	1,330
Net Change in Fund Balance	(39,480)	(39,480)	(10,476)	29,004
Fund Balance, Beginning of Year	39,482	39,482	39,482	-
Fund Balance, End of Year	\$ 2	\$ 2	\$ 29,006	\$ 29,004

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Net Assets - Cash Basis  
December 31, 2006

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$ 223,570
Investments	<u>200</u>
<i>Total Assets</i>	<u><u>\$ 223,770</u></u>
<b><u>Net Assets:</u></b>	
Restricted for:	
Other Purposes	\$ 125,197
Unrestricted	<u>98,573</u>
<i>Total Net Assets</i>	<u><u>\$ 223,770</u></u>

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b><u>Governmental Activities:</u></b>					
General Government	\$ 99,094	\$ 11,011	\$ 500	\$ -	\$ (87,583)
Security of Persons and Property	21,365	350	-	-	(21,015)
Public Works	73,135	180	96,380	-	23,425
Health Services	14,879	4,050	-	-	(10,829)
Capital Outlay	128,616	-	-	99,159	(29,457)
Debt Service:					
Principal	9,232	-	-	-	(9,232)
Interest	1,243	-	-	-	(1,243)
<i>Total Governmental Activities</i>	347,564	15,591	96,880	99,159	(135,934)
<b>General Receipts</b>					
Property and Other Taxes Levied for:					
General Purposes					57,228
Fire District					32,607
Cemetery					12,051
Road & Bridge					6,470
Grants and Entitlements not					
Restricted to Specific Programs					47,448
Proceeds from the Sale of Fixed Asset					900
Interest					4,950
Miscellaneous					7,240
<i>Total General Receipts</i>					168,894
Change in Net Assets					32,960
<i>Net Assets, Beginning of Year</i>					190,810
<i>Net Assets, End of Year</i>					\$ 223,770

See Accompanying Notes to the Financial Statements



**Wayne Township**  
Statement of Cash Basis Assets and Fund Balances - Governmental Funds  
December 31, 2006

	General	Gasoline Tax	Fire District	Fire Grant	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$ 98,573	\$ 67,165	\$ 39,482	\$ -	\$ 18,350	\$ 223,570
Investments	-	-	-	-	200	200
<b>Total Assets</b>	<b>\$ 98,573</b>	<b>\$ 67,165</b>	<b>\$ 39,482</b>	<b>\$ -</b>	<b>\$ 18,550</b>	<b>\$ 223,770</b>
<b><u>Fund Balances:</u></b>						
Reserved:						
Reserved for Encumbrances	\$ 1,232	\$ 683	\$ -	\$ -	\$ 296	\$ 2,211
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	97,341	-	-	-	-	97,341
Special Revenue Funds	-	66,482	39,482	-	18,054	124,018
Permanent Fund	-	-	-	-	200	200
<b>Total Fund Balances</b>	<b>\$ 98,573</b>	<b>\$ 67,165</b>	<b>\$ 39,482</b>	<b>\$ -</b>	<b>\$ 18,550</b>	<b>\$ 223,770</b>

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds  
For the Year Ended December 31, 2006

	General	Gasoline Tax	Fire District	Fire Grant	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>						
Property and Other Local Taxes	\$ 57,228	\$ -	\$ 32,607	\$ -	\$ 18,521	\$ 108,356
Charges for Services	-	-	350	-	-	350
Licenses, Permits and Fees	-	-	-	-	180	180
Intergovernmental	27,192	90,204	4,985	99,159	8,550	230,090
Special Assessments	-	-	-	-	13,397	13,397
Interest	3,356	1,533	-	-	61	4,950
Miscellaneous	11,536	-	3,207	-	7,430	22,173
<b>Total Receipts</b>	<b>99,312</b>	<b>91,737</b>	<b>41,149</b>	<b>99,159</b>	<b>48,139</b>	<b>379,496</b>
<b><u>Disbursements:</u></b>						
Current:						
General Government	99,064	-	-	-	30	99,094
Public Safety	-	-	21,365	-	-	21,365
Public Works	-	58,295	-	-	14,840	73,135
Health	4,481	-	-	-	10,398	14,879
Capital Outlay	925	-	7,928	109,583	10,180	128,616
Debt Service:						
Principal Retirement	-	-	-	-	9,232	9,232
Interest and Fiscal Charges	-	-	475	-	768	1,243
<b>Total Disbursements</b>	<b>104,470</b>	<b>58,295</b>	<b>29,768</b>	<b>109,583</b>	<b>45,448</b>	<b>347,564</b>
Net Change in Fund Balances	(5,158)	33,442	11,381	(10,424)	2,691	31,932
<b><u>Other Financing Sources (Uses):</u></b>						
Transfers In	-	-	-	480	10,000	10,480
Transfers Out	(480)	-	(10,000)	-	-	(10,480)
Proceeds from the Sale of Fixed Assets	-	-	900	-	-	900
Other Financing Uses	-	-	-	-	(18,587)	(18,587)
Other Financing Sources	18,587	-	128	-	-	18,715
<b>Total Other Financing Sources (Uses)</b>	<b>18,107</b>	<b>-</b>	<b>(8,972)</b>	<b>480</b>	<b>(8,587)</b>	<b>1,028</b>
Net Change in Fund Balances	12,949	33,442	2,409	(9,944)	(5,896)	32,960
Fund Balances, Beginning of Year	85,624	33,723	37,073	9,944	24,446	190,810
Fund Balances, End of Year	<u>\$ 98,573</u>	<u>\$ 67,165</u>	<u>\$ 39,482</u>	<u>\$ -</u>	<u>\$ 18,550</u>	<u>\$ 223,770</u>

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 50,476	\$ 50,476	\$ 57,228	\$ 6,752
Intergovernmental	24,452	24,452	27,192	2,740
Interest	-	-	3,356	3,356
Miscellaneous	-	-	11,536	11,536
<i>Total Receipts</i>	74,928	74,928	99,312	24,384
<b><u>Disbursements:</u></b>				
Current:				
General Government	120,349	122,049	99,064	22,985
Health	4,200	4,500	4,481	19
Capital Outlay	9,000	9,000	925	8,075
<i>Total Disbursements</i>	133,549	135,549	104,470	31,079
Excess of Receipts Over (Under) Disbursements	(58,621)	(60,621)	(5,158)	55,463
<b><u>Other Financing Sources (Uses):</u></b>				
Other Financing Sources	-	-	18,587	18,587
Transfers Out	-	(480)	(480)	-
<i>Total Other Financing Sources (Uses)</i>	-	(480)	18,107	18,587
Net Change in Fund Balance	(58,621)	(61,101)	12,949	74,050
Fund Balance, Beginning of Year	85,624	85,624	85,624	-
Fund Balance, End of Year	\$ 27,003	\$ 24,523	\$ 98,573	\$ 74,050

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$ 55,166	\$ 55,166	\$ 90,204	\$ 35,038
Interest	-	-	1,533	1,533
			-	-
<i>Total Receipts</i>	55,166	55,166	91,737	36,571
<b><u>Disbursements:</u></b>				
Current:				
Public Works	82,915	81,018	58,295	22,723
Capital Outlay	5,500	7,397	-	7,397
<i>Total Disbursements</i>	88,415	88,415	58,295	30,120
Excess of Receipts Over (Under) Disbursements	(33,249)	(33,249)	33,442	66,691
Fund Balance, Beginning of Year	33,723	33,723	33,723	-
Fund Balance, End of Year	\$ 474	\$ 474	\$ 67,165	\$ 66,691

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire District Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 19,750	\$ 19,750	\$ 32,607	\$ 12,857
Charges for Services	500	500	350	(150)
Intergovernmental	4,900	4,900	4,985	85
Interest	1,015	1,015	3,207	2,192
				-
<i>Total Receipts</i>	26,165	26,165	41,149	14,984
<b><u>Disbursements:</u></b>				
Current:				
Security of Persons and Property	44,715	37,239	21,365	15,874
Capital Outlay	9,000	11,000	7,928	3,072
Debt Service:				
Interest and Fiscal Charges	5,000	476	475	1
<i>Total Disbursements</i>	58,715	48,715	29,768	18,947
Excess of Receipts Over (Under) Disbursements	(32,550)	(22,550)	11,381	33,931
<b><u>Other Financing Sources (Uses):</u></b>				
Sale of Fixed Assets	-	-	900	900
Transfers Out	-	(10,000)	(10,000)	-
Other Financing Sources	-	-	128	128
<i>Total Other Financing Sources (Uses)</i>	-	(10,000)	(8,972)	1,028
Net Change in Fund Balance	(32,550)	(32,550)	2,409	34,959
Fund Balance, Beginning of Year	37,073	37,073	37,073	-
Fund Balance, End of Year	\$ 4,523	\$ 4,523	\$ 39,482	\$ 34,959

See Accompanying Notes to the Financial Statements

**Wayne Township**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire Grant Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Intergovernmental	\$ 94,056	\$ 99,639	\$ 99,159	\$ (480)
<i>Total Receipts</i>	<u>94,056</u>	<u>99,639</u>	<u>99,159</u>	<u>(480)</u>
<b><u>Disbursements:</u></b>				
Capital Outlay	-	109,583	109,583	-
<i>Total Disbursements</i>	<u>-</u>	<u>109,583</u>	<u>109,583</u>	<u>-</u>
Excess of Receipts Over (Under) Disbursements	<u>94,056</u>	<u>(9,944)</u>	<u>(10,424)</u>	<u>(480)</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	-	-	480	480
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>480</u>	<u>480</u>
Net Change in Fund Balance	<u>94,056</u>	<u>(9,944)</u>	<u>(9,944)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>9,944</u>	<u>9,944</u>	<u>9,944</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 104,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 1 – Reporting Entity**

Wayne Township, Adams County, Ohio (the Township), is a body politic and corporate established in 1819 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Fiscal Officer.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, and emergency medical services.

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2. C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*Government-Wide Financial Statements*

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

*Fund Financial Statements*

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are only governmental funds.

*Governmental Funds*

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Township's major funds:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax Fund – This fund receives gasoline tax money to pay for the constructing, maintaining and repairing Township roads.

Fire Levy Fund – The Fire Levy fund receives local taxes for providing and maintaining fire apparatus, appliances, building, and the payment of permanent, part-time, or volunteer firemen.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities, and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.



Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2007 and 2006, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 were \$4,370 and \$3,356, respectively, and \$2,659 and \$1,594 respectively, credited to other Township funds.

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**F. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements

**G. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**H. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received, and principal and interest payments are reported when paid.

**I. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Restricted net assets represent \$145,869 of a total fund balance of \$228,377 in 2007 and \$131,380 of a total fund balance of \$223,770 in 2006.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances, and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). Outstanding encumbrances were \$1,486 for the General Fund and \$503 for the Fire District in 2007. In 2006, outstanding encumbrances were \$1,232 for the General Fund, \$683 for the Gasoline Tax Fund, and \$296 for the Cemetery Fund.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies necessary to meet current demands on the treasury. Active monies must be maintained either as cash in the Township Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 4 – Deposits and Investments** (continued)

Inactive deposits are public deposits that the Township has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 4 – Deposits and Investments** (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At Fiscal year end December 31, 2007 and December 31, 2006, the carrying amounts of the Township's deposits were \$228,178 and \$223,570 respectively. The Township's bank balances were \$238,280 and \$237,784, respectively, of which, 138,280 and \$137,784 were exposed to custodial credit risk because they were uninsured and collateralized with securities held by the pledging financial institution, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

The Township held \$200 in Certificate of Deposits. The Certificate of Deposit matures every 6 months and is automatically renewed

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value. Public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 5 – Property Taxes** (continued)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$7.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property:	2007	2006
Agricultural/ Residential	\$ 12,630,450	\$ 12,284,800
Commercial / industrial / Mineral	917,950	917,980
Tangible Personal Property:		
General	435,320	566,800
Public utility Real	1,346,270	1,391,880
Total Assessed Value	\$ 15,329,990	\$ 15,161,460

**Note 6 – Risk Management**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**Casualty Coverage**

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,6950,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP’s retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 6 – Risk Management** (continued)

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 (latest information available) was \$2,014,548.

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

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

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

**Financial Position**

OTARMA's financial statements (audited by other accountants) conformed with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

	<b>2007</b>	<b>2006</b>
Assets	\$43,210,706	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Retained Earnings	<u>\$29,852,869</u>	<u>\$ 29,921,614</u>

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 6 – Risk Management** (continued)

**Financial Position** (continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$28,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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**

2006	\$7,851
2007	\$7,152

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

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 7 – Defined Benefit Pension Plan** (continued)

Ohio Public Employees Retirement System (continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and December 31, 2006, the members of all three plans were required to contribute 9.5 percent and 9.0 percent respectively of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 were 13.70 and 13.85 percent respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$7,030, \$7,256, and \$4,702 respectively. The full amount has been contributed for 2007, 2006 and 2005.

**Note 8 - Postemployment Benefits**

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 (latest information available) local government employer contribution rate was 13.7 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005 (latest information available), include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.



Wayne Township  
Adams County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and December 31, 2006

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**Note 8 - Postemployment Benefits** (continued)

**Ohio Public Employees Retirement System** (continued)

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2006 (latest information available), actuarial valuation was 358,804. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$1,887. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 9- Transfers**

All transfers made in 2007 and 2006 that are included in the financial statements were made in accordance to laws governing the transfer of funds. These include a \$10,000 transfer that was made from the Fire District Fund to the Bond Retirement Fund in 2006.

**Note 10- Other Financing Sources**

The township made reimbursements of \$ 18,587 and \$239 in 2007 and 2006 respectively, to the General fund from the Nature Works Project fund for expenses related to the Nature Works Project that had been paid out of the General fund.

**Note 11 - Compliance**

Contrary to Ohio Revised Code Section 5705.09(C), the Township did not make all debt payments from its Bond Retirement Fund.

Contrary to Ohio Revised Code Section 505.24(C) and OAG Opinion 2004-036, the Township paid Trustee salaries from the Gas Tax Fund in 2006 without proper documentation.

Contrary to Ohio Revised Code Section 5705.36, the Township appropriation exceeded its available resources in the Gasoline Tax fund, Motor Vehicle license Fund, Recreation fund and the Kitchen Project fund.

Contrary to Ohio Revised Code Section 5705.41 (D), the Township did not properly certify the availability of funds prior to obligation for 57.7% or \$129,616 of purchases tested in 2006 and 48.4% or \$65,148 of the purchases tested in 2007.

**Caudill & Associates, CPA's**  
725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Wayne Township  
Adams County  
75 State Route 137  
Cherry Fork, Ohio 45618

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne Township (the Township), Adams County, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's financial statements, and have issued our report thereon dated August 29, 2008, wherein we noted that the Township prepared its financial statements on the cash basis, a comprehensive basis of accounting other than the generally accounting principles, in which we qualified our opinion on the Fire District miscellaneous receipts for lack of supporting documentation in 2006. Except for the restrictions on the scope for the audit of the Fire District miscellaneous receipts, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financing reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the following paragraph, we identified certain deficiencies in internal control over financial reporting that we consider to be significant.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with applicable basis of accounting such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. The results of our tests disclosed an instance of significant internal control deficiency that is required to be reported under *Government Auditing Standards*. We consider the following deficiency described in the accompanying schedule of findings and response to be a significant deficiency in internal control over financial reporting as item 2007-005.

Wayne Township

Adams County

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*

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the following deficiency described in the accompany schedule of findings and responses to be a material weakness in internal control over financial reporting as item 2007-005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2007-001, 2007-002, 2007-003 and 2007-004.

We noted certain other matters that we reported to the Township's management in a separate letter dated August 29, 2008.

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

This report is intended for the information and use of management, and the Township's trustees, and is not intended to be and should not be used by anyone other than these specified parties.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's

August 29, 2008

**WAYNE TOWNSHIP  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Noncompliance Citation - Ohio Rev. Code Section 5705.09(C)**

The Ohio Revised Code Section 5705.09(C) requires the Township to establish a bond retirement fund into which it must pay sufficient revenues to retire serial bonds, notes and certificates of indebtedness at maturity.

The Township has established a bond retirement fund. However in 2006, a total of \$475 of bond interest was paid out of the Fire District Fund, instead of the bond retirement fund. Also in 2007, a total of \$23,729 comprised of \$909 in interest and \$22,820 in principal was paid out of the Fire District Fund instead of the Fire Bond Retirement Fund.

The Township should appropriate and transfer a sufficient amount of monies to the bond retirement fund to ensure that the fund has adequate funding to pay for the Township's debts. All debt should be paid out of the Bond Retirement Fund.

**Township Response:**

The Township will monitor debt payments more closely to ensure that all debt payments are made from the Bond Retirement Fund.

**FINDING NUMBER 2007-002**

**Noncompliance Citation – Ohio Rev. Code Section 505.24(C) and OAG Opinion 2004-036**

**Ohio Revised Code Section 505.24(C) and OAG Opinion 2004 – 036** requires Township Trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. IF the trustee compensation paid solely from the General fund, documentation of hours spent in service is not required.

Trustees were paid from the Gas Tax fund in 2006 without proper documentation. The financial statements have been adjusted by the Township due to this non-compliance.

We recommend the Township establish administrative procedures to document the proportionate amount of Trustees salaries to be charged to other Township funds based on the kinds of service rendered.

**Township Response:**

The Trustees will adopt necessary administrative procedures to allow proper documentation of services rendered by fund and the Township has agreed to make the adjustments to the financial statements suggested by the auditor.

**WAYNE TOWNSHIP  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-003**

**Noncompliance Citation – Ohio Rev. Code Section 5705.36**

The Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and 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. ORC 5705.36 requires the Township to obtain an increased amended certificate of estimated resources from the budget commission if the legislative authority intends to appropriate and expend excess revenue. The Ohio Revised Code Section 5705.36 (A) (4) requires the Township to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2006, the expenditures exceeded appropriations and currently available resources in the Gasoline Tax Fund. Estimated resources were greater than actual resources in the Motor Vehicle license fund, the Township recreation fund, and the kitchen project fund. There was no amended certificate of estimated resources obtained from the county auditor to reduce estimated figures. For FY 2007, estimated resources were greater than actual resources in the Motor Vehicle license Fund and the Township Recreation Fund.

There was no amended certificate of estimated resources obtained from the county auditor to reduce the estimated figures.

This could allow deficit spending to occur.

We recommend the Fiscal Officer 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 Township Minutes.

**Township Response:**

The Township will monitor budgetary compliance more closely.

**FINDING NUMBER 2007-004**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)**

Ohio Rev. Code Section 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 attached that the amount required 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.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due.

**WAYNE TOWNSHIP  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-004 (Continued)**

The taxing authority has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

The Township did not properly certify the availability of funds prior to obligation for 57.7% or \$129,616 of purchases tested in 2006 and 48.4% or \$65,148 of the purchases tested in 2007

We recommend the Township implement policies to ensure that all purchases first have monies certified by the Clerk Treasurer before purchasing or ordering an item. We also recommend the use of a "then and now" certificate in instances of emergency or absence of proper authority.

**Township Response:**

Township officials will monitor the proper certifying of expenditures more closely.

**FINDING NUMBER 2007-005**

**Significant Deficiency/Material Weakness – Miscellaneous Receipts Documentation**

When designing the public office's system of internal control and the specific control activities, management should ensure that accounting records are properly designed and assets and records are adequately secured.

No documentation was maintained to support the number of meal tickets sold for Fire fundraisers that amounted to \$3,207.

Patrons renting the gymnasium and community were not required to sign a contract with the Township

As a result of the above weaknesses, we were unable to obtain sufficient information regarding the receipts recorded for the Fire Fund fundraiser receipts and have expressed no opinion on these receipts. Failure to maintain documentation for fundraiser receipts could result in misappropriation of receipts.

To improve accountability over miscellaneous receipts, tickets should be maintained for each meal ticket sold. At the end of the event, ticket sold should be reconciled with the amount of cash collected. Any expenses should be documented and a net profit determined

A contract should be signed by the patron and a Township representative. The contract should include the building being used, the rate, and the number of hours rented. It should also include the responsibilities and liabilities of the patron.

**WAYNE TOWNSHIP  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-005 (Continued)**

**Township Response:**

Township officials will monitor fire fund raiser receipts more closely to ensure that adequate documentation is maintained. A contract will be signed by the renter and a Township representative.

**WAYNE TOWNSHIP  
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Fiscal Years Ended December 31, 2007 and 2006**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2005-001	Material Weakness – Miscellaneous receipts documentation	No	Reissued as finding # 2007-005
2005-002	Revised code 5705.41 (B) Expenditures in excess of appropriations	Yes	N/A
2005-003	Revised code 5705.41(D) Prior certificate for expenditures	No	Reissued as finding # 2007-004





Mary Taylor, CPA  
Auditor of State

WAYNE TOWNSHIP

ADAMS 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  
DECEMBER 31, 2008