



Dave Yost • Auditor of State

WAYNE TOWNSHIP
CLERMONT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

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, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$63,851	\$497,054	\$560,905
Charges for Services	0	161,170	161,170
Licenses, Permits and Fees	41,349	21,983	63,332
Intergovernmental	75,898	612,005	687,903
Earnings on Investments	645	37	682
Miscellaneous	11,343	26,230	37,573
<i>Total Cash Receipts</i>	<u>193,086</u>	<u>1,318,479</u>	<u>1,511,565</u>
Cash Disbursements			
Current:			
General Government	175,414	92,656	268,070
Public Safety	0	952,944	952,944
Public Works	0	220,492	220,492
Health	0	18,649	18,649
Capital Outlay	3,156	77,993	81,149
<i>Total Cash Disbursements</i>	<u>178,570</u>	<u>1,362,734</u>	<u>1,541,304</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,516</u>	<u>(44,255)</u>	<u>(29,739)</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	3,750	3,750
Transfers Out	(3,750)	0	(3,750)
Other Financing Sources	0	58,000	58,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,750)</u>	<u>61,750</u>	<u>58,000</u>
<i>Net Change in Fund Cash Balances</i>	10,766	17,495	28,261
<i>Fund Cash Balances, January 1</i>	<u>237,651</u>	<u>478,446</u>	<u>716,097</u>
Fund Cash Balances, December 31			
Restricted	0	495,941	495,941
Unassigned (Deficit)	<u>248,417</u>	<u>0</u>	<u>248,417</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$248,417</u></u>	<u><u>\$495,941</u></u>	<u><u>\$744,358</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, 2012**

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

During 2012, the Village's funds were kept in an interest bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund 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 Funds:

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

Misc Special Revenue - This fund receives and disburses FEMA grant money used for the purchase of an emergency vehicle for the Township fire department.

WAYNE TOWNSHIP
CLERMONT COUNTY

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

1. Summary of Significant Accounting Policies (Continued)

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 2012 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, 2012
(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:

Demand deposits	\$744,358
Total deposits	<u>\$744,358</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, 2012
(Continued)**

3. Budgetary Activity

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

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$206,827	\$193,086	(\$13,741)
Special Revenue	1,346,495	1,380,229	33,734
Total	\$1,553,322	\$1,573,315	\$19,993

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$208,345	\$182,320	\$26,025
Special Revenue	1,333,450	1,362,734	(29,284)
Total	\$1,541,795	\$1,545,054	(\$3,259)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following Special Revenue funds: Gasoline (\$4,683), Permissive Motor Vehicle License (\$51,149), and Miscellaneous (\$5,100) for the year ended December 31, 2012.

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.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

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

5. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Vehicle Loan	\$58,000	4%
Total	\$58,000	

The Township procured a loan to finance a new maintenance truck.

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

Year ending December 31:	Vehicle Loan
2013	\$15,600
2014	15,600
2015	15,600
2016	15,997
Total	\$62,797

6. 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.

The Ohio Revised Code also prescribes contribution rates. For 2012 OP&F, participants contributed 10% of their wages. For 2012, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2012, 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, 2012.

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

8. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Wayne Township Clermont County, Ohio (the Township), as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2014

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-001 and 2012-003 described in the accompanying schedule of findings material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-001 through 2012-005.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

Entity's Response to Findings

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.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

February 11, 2014

WAYNE TOWNSHIP
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2012

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

FINDING NUMBER 2012-001

Noncompliance/Material Weakness

Ohio Admin. Code Section 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. finance-related legal and contractual requirements and prepare financial statements.

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

- 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 \$10,649, \$12,216, \$58,621, and \$3,954 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 \$41,349.
- The Township posted tax proceeds to the incorrect fund resulting in the following audit adjustment:

Amount	Proper Posting	Client Posting	Description
\$13,600	Fire Fund -Taxes	General Fund - Charges for Services	To post taxes to the fire fund that was erroneously posted to the general fund.

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

Failure to 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 at not be detected in a timely manner.

Officials' Response:

The Township made the adjustment noted by the State Auditor and noted all reclassifications. Corrective action has been implemented.

FINDING NUMBER 2012-002

Noncompliance

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

Expenditures exceeded appropriations in the following Special Revenue funds:

Fund	Appropriations	Expenditures	Variance
Gasoline	\$101,030	\$105,713	\$4,683
Cemetery	750	1,000	250
Fire District	433,920	439,492	5,572
Permissive Motor Vehicle	71,923	123,072	51,149
Miscellaneous	6,700	11,800	5,100

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:

Corrective action will be taken.

FINDING NUMBER 2012-003

Noncompliance/Material Weakness

Ohio Admin. Code Section 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.

Estimated Receipts:

The estimated receipts entered in the accounting system and subsequently reported in the financial statements did not agree with estimated receipts certified by the budget commission on the latest amended certificate of estimated resources. Certified estimated receipts varied from those posted to the accounting system as follows:

**FINDING NUMBER 2012-003
 (Continued)**

Fund	Certified Estimated Receipts	Posted Estimated Receipts	Variance
General Fund	\$206,827	\$186,645	\$20,182
Special Revenue:			
Gas	93,349.10	91,030	(681)
Road and Bridge	90,516	89,440	1,076
Fire District	458,983	433,812	25,171
Zoning	9,260	12,500	(3,240)
Special Levy	28,438	28,717	(279)
Permissive Motor Vehicle	102,633	101,320	1,313
Ambulance/EMS	127,271	123,000	4,271
Miscellaneous	0	23,000	(23,000)
Miscellaneous	393,335	393,300	35

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

Failure to post the estimated receipts certified by the Budget Commission into the accounting system resulted in the Board relying on inaccurate information. The Board should ensure the estimated receipts from the current amended certificate of estimated resources posted to the accounting system.

Appropriations:

Appropriations posted to the accounting system did not agree with approved appropriations made by the Board of Trustees in the following funds:

Fund	Appropriations Adopted	Appropriations Posted in the Accounting System	Variance
General Fund	\$208,345	\$203,345	\$5,000
Special Revenue Funds:			
Motor Vehicle License	19,250	14,250	5,000
Cemetery	101,030	111,030	(10,000)
Fire District	433,920	456,020	(22,100)
Permissive Motor Vehicle	71,923	125,520	(53,597)
Ambulance/EMS	123,000	127,100	(4,100)

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

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

**FINDING NUMBER 2012-003
(Continued)**

We recommend 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:

Corrective action will be taken.

FINDING NUMBER 2012-004

Noncompliance

Ohio Rev. Code, Section 505.262, states the Board of Township Trustees of any township, by unanimous vote, may adopt a resolution allowing the township to contract for the purchase of equipment, buildings, and sites, or for the construction of buildings, for any lawful township purpose. The board may issue, by resolution adopted by unanimous vote, securities of the township to finance purchases and construction made pursuant to this division. The securities shall be signed by the board and attested by the signature of the township fiscal officer, and the maximum maturity of those securities is subject to the limitations in section 133.20 of the Revised Code. The securities shall bear interest not to exceed the rate determined as provided in section 9.95 of the Revised Code and shall not be subject to Chapter 133 of the Revised Code. The resolution authorizing the issuance of the securities shall provide for levying and collecting annually by taxation, amounts sufficient to pay the interest on and principal of the securities. The securities may contain a clause permitting prepayment at the option of the board. Securities shall be offered for sale on the open market or given to the vendor or contractor if no sale is made.

The Board of Trustees entered into a regular loan with National Bank and Trust to purchase vehicle. The Ohio Revised Code only allows Townships to issue securities; it does not allow Townships to enter into regular loans.

The Township should consult with legal counsel before entering into any debt agreements to ensure Ohio Revised Code compliance.

Officials' Response:

While we understand and agree that the Township was in violation of the ORC, the cost of securing bonds would have been substantial to the Township, therefore we feel the action taken was both in the best interest of the Township and fiscally responsible.

FINDING NUMBER 2012-005

Noncompliance

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 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.

The Township did not properly certify the availability of funds for purchase commitments for eight out of twelve expenditures tested (67%) and none of the exceptions above applied. Furthermore, the Township failed to properly encumber year end commitments for 100% of the transactions tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We also noted the Township failed to pass a resolution setting the maximum rate for regular blanket certificates.

**FINDING NUMBER 2012-005
(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.

**WAYNE TOWNSHIP
CLERMONT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Admin. Code Section 117-2-02(A) Failure to maintain accurate accounting records.	No	Reissued as 2012-001
2011-002	Ohio Admin. Code Section 117-2-02 (C)(1) requires public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system.	No	Reissued as 2012-003
2011-003	Ohio Rev. Code Section 5705.41B Expenditures exceeded appropriations.	No	Reissued as 2012-002
2011-004	Ohio Rev. Code Section 5705.41(D) Failure to encumber properly	No	Reissued as 2012-005
2011-005	A-102 Common Rule .34(f) Inadequate property management standards	N/A	No Federal Testing
2011-006	A-102 Common Rule .52 (a) Proper forms note utilized.	N/A	No Federal Testing

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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