



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WAYNE TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Wayne Township
Adams County
420 Cross Road
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Adams County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Township as of December 31, 1999 and 1998 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2000 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 grants.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 16, 2000

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**WAYNE TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Nonexpendable Trust	
Cash Receipts:					
Local Taxes	\$31,373	\$31,309	\$4,749	\$0	\$67,431
Intergovernmental	27,390	60,823	0	0	88,213
Licenses, Permits and Fees	0	250	0	0	250
Earnings on Investments	521	314	0	0	835
Other Revenue	2,682	12	0	0	2,694
Total Cash Receipts	61,966	92,708	4,749	0	159,423
Cash Disbursements:					
Current:					
General Government	42,157	12	0	0	42,169
Public Safety	9,213	22,877	0	0	32,090
Public Works	0	65,066	0	0	65,066
Health	2,038	8,427	0	0	10,465
Debt Service:					
Redemption of Principal	0	0	5,000	0	5,000
Interest and Fiscal Charges	0	0	131	0	131
Capital Outlay	0	378	0	0	378
Total Cash Disbursements	53,408	96,760	5,131	0	155,299
Total Receipts Over/(Under) Disbursements	8,558	(4,052)	(382)	0	4,124
Other Financing Receipts/(Disbursements):					
Other Sources	0	3,540	0	0	3,540
Total Other Financing Receipts/(Disbursements)	0	3,540	0	0	3,540
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,558	(512)	(382)	0	7,664
Fund Cash Balances, January 1	17,180	33,512	382	200	51,274
Fund Cash Balances, December 31	\$25,738	\$33,000	\$0	\$200	\$58,938
Reserve for Encumbrances, December 31	\$232	\$266	\$0	\$0	\$498

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

**WAYNE TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:					
Local Taxes	\$20,596	\$27,783	\$10,655	\$0	\$59,034
Intergovernmental	25,849	55,790	29,657	0	111,296
Licenses, Permits and Fees	0	100	0	0	100
Earnings on Investments	551	411	0	0	962
Other Revenue	4,004	17,919	0	0	21,923
Total Cash Receipts	51,000	102,003	40,312	0	193,315
Cash Disbursements:					
Current:					
General Government	50,050	0	0	0	50,050
Public Safety	557	20,322	0	0	20,879
Public Works	0	50,615	0	0	50,615
Health	2,259	8,265	0	0	10,524
Miscellaneous	0	935	0	0	935
Debt Service:					
Redemption of Principal	0	0	45,000	0	45,000
Interest and Fiscal Charges	0	0	1,611	0	1,611
Capital Outlay	27,100	10,884	0	0	37,984
Total Cash Disbursements	79,966	91,022	46,611	0	217,599
Total Receipts Over/(Under) Disbursements	(28,966)	10,981	(6,299)	0	(24,284)
Other Financing Receipts/(Disbursements):					
Proceeds of Loan	35,000	0	0	0	35,000
Transfers-In	0	0	6,321	0	6,321
Transfers-Out	(6,321)	0	0	0	(6,321)
Other Sources	0	5,400	0	0	5,400
Total Other Financing Receipts/(Disbursements)	28,679	5,400	6,321	0	40,400
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(287)	16,381	22	0	16,116
Fund Cash Balances, January 1	17,467	17,131	360	200	35,158
Fund Cash Balances, December 31	\$17,180	\$33,512	\$382	\$200	\$51,274
Reserve for Encumbrances, December 31	\$96	\$547	\$0	\$0	\$643

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

**WAYNE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township, Adams County, (the Township) is a body corporate and politic established 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 provides general governmental services including road and bridge maintenance. The Township contracts with Franklin Township to provide fire services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash Deposits

The Township maintains funds in an interest-bearing checking account and certificate of deposit.

D. Fund Accounting

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

1. 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.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - Receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax Fund - Receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

WAYNE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund - accounts for the payments for the retirement of the outstanding indebtedness principal and interest.

4. Fiduciary Funds (Nonexpendable Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had one nonexpendable trust fund during the audit period as a result of a cemetery bequest.

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 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

WAYNE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposit	\$58,738	\$51,074
Certified deposit	200	200
Total deposits	\$58,938	\$51,274

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 55,266	\$ 61,966	\$ 6,700
Special Revenue	89,986	96,248	6,262
Debt Service	4,749	4,749	0
Total	\$150,001	\$162,963	\$12,962

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 72,446	\$ 53,640	\$18,806
Special Revenue	121,079	97,026	24,053
Debt Service	5,131	5,131	0
Total	\$198,655	\$155,797	\$42,858

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 74,214	\$ 86,000	\$11,786
Special Revenue	97,493	107,403	9,910
Debt Service	40,312	46,633	6,321
Total	\$212,019	\$240,036	\$28,017

**WAYNE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,681	\$86,383	(\$29,702)
Special Revenue	114,624	91,569	23,055
Debt Service	40,312	46,611	(6,299)
Total	\$211,617	\$224,563	(\$12,946)

In 1998, expenditures exceeded appropriations by \$29,702 in the General Fund and \$6,299 in the General Note Retirement Fund.

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

During 1998 the Township received a commercial loan of \$35,000 receipted to the General Fund for building improvements. The Township then received a reimbursement grant for \$29,657 receipted to the Debt Service Fund for the same building improvements. The grant proceeds were used to retire the debt. This loan and the Firehouse Improvement Note were retired as of December 31, 1999.

6. RETIREMENT SYSTEMS

Township employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

WAYNE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Wayne Township
Adams County
420 Cross Road
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, noncompliance with which could have a direct and material effect on 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40401-001 and 1999-40401-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 16, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 16, 2000

**WAYNE TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40401-001

Ohio Rev. Code, Section 5705.41(B), prohibits expenditures unless properly appropriated. The Township had expenditures in excess of appropriations as follows:

<u>Year</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
1998	General	\$56,681	\$86,382	(\$29,702)
1998	Debt Service	\$40,312	\$46,611	(\$6,299)

This could result in overspending the fund balance.

FINDING NUMBER 1999-40401-002

Ohio Rev. Code, Section 5705.41(D), provides that a subdivision or taxing unit shall not make any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate; and
2. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, is such expenditure is otherwise valid.

The Township Clerk did not prepare purchase orders for 13% of the expenditures tested. Also, 42% of the expenditures tested had invoice dates preceding the purchase order/blanket certificate dates.



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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
JULY 18, 2000**