



**WAYNE TOWNSHIP
FAYETTE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WAYNE TOWNSHIP
FAYETTE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Unclassified Cash Receipts, Unclassified Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2001	3
Combined Statement of Unclassified Cash Receipts, Unclassified Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings	17

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Wayne Township
Fayette County
7347 State Route 753 SE
Greenfield, Ohio 45123

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Fayette County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 opinion.

The accompanying financial statements present receipts and disbursements by fund type totals only. Ohio Administrative Code, Section 117-2-02(A), requires governments to classify receipt and disbursement transactions.

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, except for the omission of receipt and disbursement classifications, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined unclassified cash receipts and unclassified 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 July 11, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees 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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

July 11, 2002

**WAYNE TOWNSHIP
FAYETTE COUNTY**

**COMBINED STATEMENT OF UNCLASSIFIED CASH RECEIPTS, UNCLASSIFIED CASH
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Total Unclassified Cash Receipts	\$214,416	\$174,621	\$60	\$389,097
Cash Disbursements:				
Total Unclassified Cash Disbursements	<u>221,774</u>	<u>179,447</u>	<u>0</u>	<u>401,221</u>
Excess of Unclassified Cash Receipts Over/(Under) Unclassified Cash Disbursements	(7,358)	(4,826)	60	(12,124)
Fund Cash Balances, January 1	<u>156,651</u>	<u>84,613</u>	<u>5,725</u>	<u>246,989</u>
Fund Cash Balances, December 31	<u>\$149,293</u>	<u>\$79,787</u>	<u>\$5,785</u>	<u>\$234,865</u>
Reserve for Encumbrances, December 31	<u>\$15</u>	<u>\$1,271</u>	<u>\$0</u>	<u>\$1,286</u>

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

**WAYNE TOWNSHIP
FAYETTE COUNTY**

**COMBINED STATEMENT OF UNCLASSIFIED CASH RECEIPTS, UNCLASSIFIED CASH
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
Cash Receipts:				
Total Unclassified Cash Receipts	\$127,545	\$102,805	\$85	\$230,435
Cash Disbursements:				
Total Unclassified Cash Disbursements	81,084	132,500	0	213,584
Excess of Unclassified Cash Receipts Over/(Under) Unclassified Cash Disbursements	46,461	(29,695)	85	16,851
Fund Cash Balances, January 1	110,190	114,308	5,640	230,138
Fund Cash Balances, December 31	<u>\$156,651</u>	<u>\$84,613</u>	<u>\$5,725</u>	<u>\$246,989</u>
Reserve for Encumbrances, December 31	<u>\$1,632</u>	<u>\$428</u>	<u>\$0</u>	<u>\$2,060</u>

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

**WAYNE TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township, Fayette County, Ohio (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 road and bridge maintenance, cemetery maintenance, and fire protection.

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).

The Township did not classify its receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code, Section 117-02-02(A)(effective July 1, 2000), and Ohio Administrative Code, Section 117-7-01(B) (effective through June 30, 2000). These Ohio Administrative Code Sections require classifying receipts and disbursements.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Township funds, except the Trust Fund, are deposited in a "Now" checking account with local commercial bank. The Trust Fund assets are invested in U.S. savings bonds. Investments are included in fund cash balances. 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 and disbursements, respectively. Savings bonds are reported at cost.

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 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:

**WAYNE TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Motor Vehicle License Tax Fund

This fund receives motor vehicle tax money for constructing, maintaining and repairing Township Roads.

Gasoline Tax Fund

This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Cemetery Fund

This fund receives money and fees from the sale of lots, and grave openings and closings for purpose of maintaining, grooming and operating of Township Cemeteries.

Fire Levy Fund

This fund receives property tax money for the provision of fire protection.

Permissive Motor Vehicle License Fund

This fund receives tax money for maintaining and repairing Township roads.

Lighting Funds

These funds receive special assessments levied against specific property owners for the provision of street lighting within the Township.

3. Fiduciary Fund (Expendable Trust Fund)

This fund is 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's Expendable Trust Fund is used to account for monies bequeathed to the Township for cemetery care.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**WAYNE TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items which should have been encumbered.

A summary of 2000 and 2001 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$232,865	\$244,989
U.S. Savings Bonds	2,000	2,000
Total deposits and investments	\$234,865	\$246,989

A. Deposits

Deposits up to \$100,000 are insured by the Federal Depository Insurance Corporation. The Township obtained from its depository a statement of required additional pooled collateral for those funds on deposit over and above that covered by federal deposit insurance.

B. Investments

The U.S. Savings Bonds are insured by the U.S. Government and is registered in the Township's name. The carrying amount and market value of investments at December 31, 2001 and 2000 was \$2,000.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,374	\$214,416	\$155,042
Special Revenue	103,388	174,621	71,233
Fiduciary	45	60	15
Total	\$162,807	\$389,097	\$226,290

**WAYNE TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$213,803	\$221,789	(\$7,986)
Special Revenue	269,222	180,718	88,504
Fiduciary	5,770	0	5,770
Total	<u>\$488,795</u>	<u>\$402,507</u>	<u>\$86,288</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,000	\$127,545	\$52,545
Special Revenue	91,540	102,805	11,265
Fiduciary	1,200	85	(1,115)
Total	<u>\$167,740</u>	<u>\$230,435</u>	<u>\$62,695</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$184,997	\$82,716	\$102,281
Special Revenue	206,031	132,928	73,103
Fiduciary	6,840	0	6,840
Total	<u>\$397,868</u>	<u>\$215,644</u>	<u>\$182,224</u>

The Township did not obtain prior certification of the availability of funds from the fiscal officer for all commitments nor were all expenditures properly encumbered as required by Ohio law. Also, the Township Clerk did not prepare or file an annual report with the Board of Trustees or Auditor of State as required by Ohio Law.

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.

**WAYNE TOWNSHIP
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

The \$74,154 fire equipment general obligation note that was issued on August 4, 2001 for a period of five years to finance the purchase of a new fire truck to be used for the provision of Township fire protection was fully paid off by the Township on December 18, 2001.

6. RETIREMENT SYSTEMS

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Inland Marine;
- Wrongful Acts; and
- Officials Surety Bond.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Wayne Township
Fayette County
7347 State Route 753 SE
Greenfield, Ohio 45123

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Fayette County, Ohio (the Township), as of and for the years ended December 31, 2000 and 2001, and have issued our report thereon dated July 11, 2002, which was qualified since the Township did not classify receipts and disbursements in its financial statements. 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.

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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2001-40624-001 through 2001-40624-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 11, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2001-40624-001, 2001-040624-002 and 2001-040624-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above as items 2001-40624-001, 2001-040624-002 and 2001-040624-004 are material weaknesses. We also 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 July 11, 2002.

This report is intended solely 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", with a stylized, cursive script.

Jim Petro
Auditor of State

July 11, 2002

WAYNE TOWNSHIP
FAYETTE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-40624-001

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

- A. 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 any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Of the expenditures tested, 100% did not contain prior certification or a then and now certification of the fiscal officer. Failure to properly certify funds could result in overspending funds. Every effort should be made by the Township to certify the availability of funds and properly utilize the encumbrance method of accounting.

FINDING NUMBER 2001-40624-002

Noncompliance Citation/Material Weakness

Ohio Admin. Code, Section 117-2-02, outlines the accounting system and accounting records that are to be maintained 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.

Subsection (B), part (5) in part states that the accounting system should assure that the assertion of presentation and disclosure is achieved.

- A. The accounting system being maintained should be such that the financial statement elements are properly classified and described as prescribed by the auditor of state.
 - The manual accounting system of the Township did not provide the sufficient level of classification to provide management with the proper presentation and disclosure of financial information to make informed decisions. By not providing management with the proper level of classified receipts and disbursements the risk of taking incorrect action, which could result in negative fund balances is greatly increased.

FINDING NUMBER 2001-40624-002
(Continued)

Subsection (C) provides the following systems and documents that may be used to effectively maintain the accounting and budgetary records of the local public office:

- A. The accounting system should integrate the budgetary accounts, at the legal level of control or lower, to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.
 - The manual accounting system of the Township did not integrate the approved budgetary amounts into the respective receipts journal as required to allow for ongoing comparison and timely reporting to the management of the District. Without a timely and ongoing comparison of budget to actual amounts, the District is at risk of over-estimating receipts, and thus increasing the possibility of a negative fund balance. A complete and detailed comparison of budget to actual information should be provided to the Board of Trustees monthly at a regular Board meeting.
- B. Purchase orders, certified by the fiscal officer, should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s). The certificate should be attached at the time a commitment to purchase goods or services are made.
 - As noted in finding 2001-40624-001 above, the District failed to use purchase orders on 100% of its audit period expenditures. Without the use of a properly completed purchase order which has been certified by the Clerk, disbursements could be made without adequate current resources being available, could be made from the wrong budgetary appropriation line item, or could be made in excess of authorized appropriations. A standard purchase order should be completed and certified by the Clerk prior to the purchase commitment being made, and said purchase order should be properly recorded to the appropriation ledger to encumber funds against the applicable account line items.

Subsection (D) provides that the accounting records should include the following:

- A. A cash journal containing the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
 - The Clerk failed to maintain a cash journal during the audit period. Without properly maintaining a Cash Journal for all transactions of the District, the risk of misclassifying receipts and expenditures, and/or identifying unrecorded receipts and expenditures is greatly increased. A Cash Journal containing all required information should be maintained by the Clerk, and should be reconciled to the receipts ledger, appropriations ledger, and bank balance on at least a monthly basis.

FINDING NUMBER 2001-40624-002
(Continued)

- B. A receipts ledger which assembles and classifies receipts into separate accounts and contains the amount, date, name of the payor, purpose, receipt number, and other information required for the transaction.
- While the clerk did maintain a manual receipts ledger during the audit period, it failed to contain the appropriate account codes, monthly and year-to-date totals, and the budgeted estimated receipts for each respective line item. A detailed receipts ledger containing the complete and accurate level of account classification of all receipts reduces the risk of misclassifying receipts, provides a continuing comparison of budgeted receipts to actual, and facilitates the preparation of financial reports submitted to management and filed with the Auditor of State. A receipts ledger containing all required information should be maintained by the Clerk, and should be reconciled to the Cash Journal and bank balance on at least a monthly basis.
- C. An appropriation ledger which assembles and classifies expenditures into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
- While the clerk did maintain a manual appropriation ledger during the audit period, it failed to contain the appropriate account codes, and monthly and year-to-date totals. A detailed appropriations ledger containing the complete and accurate level of account classification of all disbursements reduces the risk of misclassifying expenditures, provides a continuing comparison of budgeted appropriations to actual, and facilitates the preparation of financial reports submitted to management and filed with the Auditor of State. An appropriation ledger containing all required information should be maintained by the Clerk, and should be reconciled to the Cash Journal and bank balance on at least a monthly basis.

Ohio Administrative Code, Section 117-7-01, provides suggested account classifications. These accounts classify receipts by source (taxes or charges for services, for example) and classify disbursements by program (security of persons and property, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State

FINDING NUMBER 2001-40624-003

Noncompliance Citation

Ohio Rev., Code Section 117.38, requires that all cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. Additionally, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The report shall contain the amount of: 1) receipts, and amounts due from each source; 2) expenditures for each purpose; 3) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and 4) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

During the years under audit, the fiscal officer did not prepare or file an annual report with the Board of Trustees nor with the Auditor of State.

**FINDING NUMBER 2001-40624-003
(Continued)**

A complete and detailed financial report should be prepared and presented to the Board of Trustees for their review and approval at each regular monthly meeting. Without a detailed disclosure of all receipts and expenditures of the Township throughout the year, management is at risk of making uninformed decisions which could impact the budgeted financial position of the Township. Additionally, the fiscal officer as required should file with the Auditor of State a complete financial report which has been approved by the Board of Trustees, and should advertise the availability of the report for public inspection.

FINDING NUMBER 2001-40624-004

Material Weakness

The Township is maintaining a manual system of accounting consisting of a cash journal, receipts journal, and appropriations ledger. While the Township has established procedures to reconcile the cash journal to the monthly bank statements, it has not established procedures to reasonably determine that receipts and disbursements have been completely and accurately recorded to their respective ledgers.

Wayne Township should implement procedures to reasonably assure the completeness, and accuracy of receipt and disbursement postings to the receipts journal and appropriations ledger. A monthly reconciliation of total receipts and disbursements by fund should be made to the respective totals in monthly cash journal. We recommend that the Township summarize monthly subtotals in the journals and ledger. the township should then assure the monthly totals in the ledger agree to the journals, and reconcile the cash journal to the bank statement. The Board of Trustees should periodically review receipt and appropriation ledgers to check that transactions have been properly recorded. Without accurate financial information, the Board cannot make informed decisions regarding the financial status of the Township.

**WAYNE TOWNSHIP
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40624-001	Ohio Rev. Code, Section 5705.41(D), 100% of expenditures did not contain prior certification or a then and now certification of the fiscal officer.	No	Reissued as finding 2001-40624-001
1999-40624-002	Ohio Admin. Code, Section 117-3-11, 100% of expenditures was made without the execution of a purchase order.	No	Reissued in finding 2001-40624-002
1999-40624-003	Ohio Rev. Code, Section 135.18 and 135.181, Township did not obtain from its depository a statement of required additional collateral for amounts over FDIC coverage.	Yes	Corrected



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

WAYNE TOWNSHIP

FAYETTE 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
AUGUST 13, 2002**