

WAYNE TOWNSHIP

DAYTON REGION, DARKE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003 - 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Wayne Township
PO Box 205
Versailles, Ohio 45380

We have reviewed the Independent Auditor's Report of Wayne Township, Darke County, prepared by Vanderhorst & Manning CPAs LLC, for the audit period January 1, 2002 to December 31, 2003. 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. The Wayne Township is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 23, 2004

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

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**Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

REPORT OF INDEPENDENT AUDITORS'

Board of Trustees
Wayne Township
Darke County
P.O. Box 205
Versailles, Ohio 45380

We have audited the accompanying financial statements of Wayne Township, Darke County, Ohio, (the Township), as of and for the years ended December 31, 2003, and 2002. 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described 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 of Wayne Township, Darke County, Ohio, as of December 31, 2003, and 2002, 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 a report dated June 2, 2004, 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 on 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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 2, 2004

**WAYNE TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

| | GOVERNMENTAL FUND TYPES | | Total (Memorandum Only) |
|--|--------------------------------|----------------------------|--|
| | General | Special Revenue | |
| Cash Receipts: | | | |
| Taxes | \$ 41,600 | \$ 89,023 | \$ 130,623 |
| Intergovernmental Receipts | 38,666 | 81,573 | 120,239 |
| Special Assessments | 0 | 469 | 469 |
| Interest | 1,003 | 502 | 1,505 |
| All Other Receipts | 680 | 0 | 680 |
| Total Cash Receipts | 81,949 | 171,567 | 253,516 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 65,545 | 31,352 | 96,897 |
| Public Safety | 0 | 583 | 583 |
| Public Works | 254 | 91,627 | 91,881 |
| Health | 11,792 | 0 | 11,792 |
| Total Cash Disbursements | 77,591 | 123,562 | 201,153 |
| Total Receipts Over/(Under) Disbursements | 4,358 | 48,005 | 52,363 |
| Fund Cash Balances, January 1, 2003 | 51,368 | 88,281 | 139,649 |
| Fund Cash Balances, December 31, 2003 | \$ 55,726 | \$ 136,286 | \$ 192,012 |

The Notes to the Financial Statements are an integral part of this statement.

**WAYNE TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

| | GOVERNMENTAL FUND TYPES | | Total (Memorandum Only) |
|--|--------------------------------|----------------------------|--|
| | General | Special Revenue | |
| Cash Receipts: | | | |
| Taxes | \$ 37,474 | \$ 84,842 | \$ 122,316 |
| Intergovernmental Receipts | 35,082 | 71,418 | 106,500 |
| Special Assessments | 0 | 687 | 687 |
| Interest | 2,987 | 1,133 | 4,120 |
| All Other Receipts | 152 | 0 | 152 |
| Total Cash Receipts | 75,695 | 158,080 | 233,775 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 59,803 | 30,651 | 90,454 |
| Public Safety | 0 | 578 | 578 |
| Public Works | 22,255 | 114,540 | 136,795 |
| Health | 14,137 | 0 | 14,137 |
| Capital Outlay | 32,832 | 15,516 | 48,348 |
| Total Cash Disbursements | 129,027 | 161,285 | 290,312 |
| Total Receipts Over/(Under) Disbursements | (53,332) | (3,205) | (56,537) |
| Other Financing Receipts/Disbursements | | | |
| Sale of Fixed Assets | 9,000 | 0 | 9,000 |
| Total Other Financing Receipts/(Disbursements) | 9,000 | 0 | 9,000 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (44,332) | (3,205) | (47,537) |
| Fund Cash Balances, January 1, 2002 | 95,700 | 91,486 | 187,186 |
| Fund Cash Balances, December 31, 2002 | \$ 51,368 | \$ 88,281 | \$ 139,649 |

The Notes to the Financial Statements are an integral part of this statement.

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township of Darke 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 general governmental services, including street maintenance and fire protection 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 a payment is made 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 and Investments

Certificates of Deposit are valued 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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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:

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money for construction, maintaining and repairing Township roads.

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

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds: (Continued)

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads.

Fire District Fund – This fund receives the proceeds of a property tax levy for obtaining the fire protection services for Township residents.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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
DARKE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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:

| | 2003 | 2002 |
|-------------------------|-----------------------|-----------------------|
| Deposits | \$ 162,012 | \$ 89,649 |
| Certificate of Deposits | <u>30,000</u> | <u>50,000</u> |
| Total deposits | <u>\$ 192,012</u> | <u>\$ 139,649</u> |

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 ended December 31, 2003, and 2002 was as follows:

2003 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|--------------------------|------------------------|-----------------|
| General | \$ 77,540 | \$ 81,949 | \$ 4,409 |
| Special Revenue | <u>167,757</u> | <u>171,567</u> | <u>3,810</u> |
| Total | <u>\$245,297</u> | <u>\$253,516</u> | <u>\$ 8,219</u> |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|--------------------------------|-------------------------------|------------------|
| General | \$128,908 | \$ 77,591 | \$ 51,317 |
| Special Revenue | <u>256,038</u> | <u>123,562</u> | <u>132,476</u> |
| Total | <u>\$384,946</u> | <u>\$201,153</u> | <u>\$183,793</u> |

2002 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|--------------------------|------------------------|-----------------|
| General | \$ 78,850 | \$ 84,695 | \$ 5,845 |
| Special Revenue | <u>163,100</u> | <u>158,080</u> | <u>(5,020)</u> |
| Total | <u>\$241,950</u> | <u>\$242,775</u> | <u>\$ 825</u> |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|--------------------------------|-------------------------------|------------------|
| General | \$ 174,550 | \$ 129,027 | \$ 45,523 |
| Special Revenue | <u>254,586</u> | <u>161,285</u> | <u>93,301</u> |
| Total | <u>\$ 429,136</u> | <u>\$290,312</u> | <u>\$138,824</u> |

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement 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 2003 and 2002, members of OPERS 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, 2003 and 2002.

6. RISK MANAGEMENT

Risk Pool Membership

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 insurance 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 Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

**NOTES TO THE FINACIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

6. RISK MANAGEMENT (Continued)

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do no discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligations of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2002, which is the latest available data:

Casualty Coverage

| | <u>2002</u> |
|-------------|--------------------|
| Assets | \$ 23,757,036 |
| Liabilities | <u>(9,197,512)</u> |

Retained Earnings \$ 14,559,524

Property Coverage

| | <u>2002</u> |
|-------------|--------------------|
| Assets | \$ 6,596,996 |
| Liabilities | <u>(1,204,326)</u> |

Retained Earnings \$ 5,392,670

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**Vanderhorst & Manning CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

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

Board of Trustees
Wayne Township
Darke County
P.O. Box 205
Versailles, Ohio 45380

We have audited the financial statements of the Wayne Township, Darke County, Ohio (the Township), as of and for the years ended December 31, 2003, and 2002, and have issued our report thereon dated June 2, 2004. We conducted our audits 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Board of Trustees
Wayne Township
Darke County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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. 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 specific 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 operations that we consider to be material weaknesses.

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

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 2, 2004



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

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WAYNE TOWNSHIP

DARKE 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 6, 2004**