



**WAYNE TOWNSHIP
ADAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WAYNE TOWNSHIP
ADAMS COUNTY

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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, 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.

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 of the Township as of December 31, 2001 and 2000, 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 May 10, 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 and other officials authorized to receive this report under § 117.26, of the 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

May 10, 2002

WAYNE TOWNSHIP
ADAMS COUNTY

**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, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$36,431	\$31,442	\$0	\$67,873
Intergovernmental	36,680	86,365		123,045
Licenses, Permits, and Fees		180		180
Interest	1,848	731		2,579
Other Revenue	2,895	7,169		10,064
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Total Cash Receipts	77,854	125,887	0	203,741
Cash Disbursements:				
General Government	58,011	77		58,088
Public Safety		50,721		50,721
Public Works		79,317		79,317
Health	2,444	9,511		11,955
Capital Outlay	4,680	4,054		8,734
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Total Cash Disbursements	65,135	143,680	0	208,815
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	12,719	(17,793)	0	(5,074)
Other Financing Receipts:				
Proceeds from Disposal of Assets		2,650		2,650
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	0	2,650	0	2,650
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements	12,719	(15,143)	0	(2,424)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	31,530	47,127	200	78,857
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Fund Cash Balances, December 31	\$44,249	\$31,984	\$200	\$76,433

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

WAYNE TOWNSHIP
ADAMS COUNTY

**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, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Local Taxes	\$34,493	\$29,885	\$0	\$64,378
Intergovernmental	21,517	57,988		79,505
Licenses, Permits, and Fees		240		240
Interest	449	309		758
Other Revenue	2,345	4,644		6,989
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	58,804	93,066	0	151,870
Cash Disbursements:				
General Government	50,798	108		50,906
Public Safety		20,440		20,440
Public Works		42,361		42,361
Health	2,214	10,030		12,244
Capital Outlay		6,000		6,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,012	78,939	0	131,951
Total Receipts Over/(Under) Disbursements	5,792	14,127	0	19,919
Fund Cash Balances, January 1	25,738	33,000	200	58,938
Fund Cash Balances, December 31	\$31,530	\$47,127	\$200	\$78,857

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

**WAYNE TOWNSHIP
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township, Adams 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 road and bridge 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.

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

C. Cash Deposits

The Township maintains all funds in an interest-bearing checking account and a certificate of deposit. Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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

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

Fire Levy Fund

This fund receives proceeds from a property tax levy for providing fire protection to Township residents.

**WAYNE TOWNSHIP
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund (Non-expendable Trust Fund)

Trust Funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following Non-expendable Trust Fund:

Cemetery Bequest Fund

This fund was established as a result of a bequest of money restricted for the maintenance of the Township's Cemetery. The principal of the fund is maintained intact and the interest used for cemetery maintenance.

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.

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 as required by Ohio law. However, there were no material outstanding encumbrances at December 31, 2001 and 2000.

A summary of 2001 and 2000 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
ADAMS COUNTY**

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$76,233	\$78,657
Certificates of deposit	200	200
Total deposits	\$76,433	\$78,857

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$76,197	\$77,854	\$1,657
Special Revenue	101,945	128,537	26,592
Total	\$178,142	\$206,391	\$28,249

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$109,132	\$65,135	\$43,997
Special Revenue	151,667	143,680	\$7,987
Total	\$260,799	\$208,815	\$51,984

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$52,198	\$58,804	\$6,606
Special Revenue	90,719	93,066	2,347
Total	\$142,917	\$151,870	\$8,953

**WAYNE TOWNSHIP
ADAMS COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,938	\$53,012	\$24,926
Special Revenue	123,719	78,939	44,780
Total	\$201,657	\$131,951	\$69,706

Expenditures exceeded appropriations in the Fire Fund in 2001 by \$18,609 contrary to 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.

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.

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

5. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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, PERS members 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.

**WAYNE TOWNSHIP
ADAMS COUNTY**

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

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Auto
- General Liability
- Property
- Inland Marine
- Public Officials Liability

7. COMPLIANCE

The Township paid 92% of the Trustees' 2001 salaries from the Gasoline Tax Fund and 8% from the General Fund, without a Board resolution specifying the funds out of which the Trustees' compensation was to be paid, contrary to Ohio Law.

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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, 2001 and 2000, and have issued our report thereon dated May 10, 2002. 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 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*, which are described in the accompanying Schedule of Findings as items 2001-40401-001, 2001-40401-002, and 2001-40401-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 10, 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 condition is described in the accompanying Schedule of Findings as item 2001-40401-002.

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 do not believe the reportable condition described above is a material weakness. 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 May 10, 2002.

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

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 stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 10, 2002

**WAYNE TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40401-001

Material Noncompliance

Ohio Rev. Code, Section 5705.41(B), prohibits expenditures in excess of appropriations. The following fund had expenditures in excess of appropriations:

2001 - Special Revenue Fund	Appropriation Amount	Disbursement Amount	Variance
Fire Fund	\$35,424	\$54,033	(\$18,609)

Expenditures exceeded appropriations because the Township did not properly budget the purchase of a pickup truck by Adams County with CDBG funds for the benefit of the Wayne Township Fire Department. The total purchase price of the truck was \$29,000. The Township paid \$5,000 to the County as their share of the purchase. Adams County paid \$29,000 including this \$5,000 from a CDBG grant to acquire the truck for the Township. The Township did not budget the \$24,000 share paid by the County. Posting of the \$24,000 as a memorandum entry to more accurately reflect the substance of the transaction results in expenditures exceeding appropriations.

FINDING NUMBER 2001-40401-002

Material Noncompliance/Reportable Condition

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 shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exception 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 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 Township 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 fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Township Trustees, if such expenditure is otherwise valid.

**FINDING NUMBER 2001-40401-002
(Continued)**

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, the availability of funds was not certified for 40% of disbursements tested. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances. Therefore, we recommend the Township obtain approved purchase orders which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.

FINDING NUMBER 2001-40401-003

Material Noncompliance

Ohio Rev. Code, Section 505.24, provides that Trustees' salaries shall be paid in equal monthly payments from the Township General Fund or from such other Township funds in such proportions as the board may specify by resolution. The Township did not pass a resolution for 2001 and the Trustees were compensated 92% from the Gasoline Tax Fund and 8% from the General Fund.

To allocate salaries in the most accurate manner, we recommend that the Trustees assess their allocation, taking into consideration administrative work and other duties performed that might be more properly paid from the General Fund and pass a resolution authorizing payment from these different funds. The Township Trustees have reviewed their Township duties and determined that 75% of their salary will be paid from the Gasoline Tax Fund and 25% from the General Fund. A retroactive resolution was passed on May 9, 2002 to allocate the Trustees' salaries between the General Fund and the Gasoline Tax Fund. This adjustment has been recorded on the Township's accounting system and these financial statements.

**WAYNE TOWNSHIP
ADAMS COUNTY
DECEMBER 31, 2001 AND 2000**

SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40401-001	Noncompliance citation of Ohio Rev. Code, Section 5705.41(B), the Township had expenditures in excess of appropriations in the general fund and the debt service fund in 1998	No	Not Corrected. FINDING NUMBER 2001-40401-001, Fire Fund had expenditures \$18,609 in excess of appropriations in 2001.
1999-40401-002	Noncompliance citation of Ohio Rev. Code, Section 5705.41(D), for not encumbering properly.	No	Not Corrected. FINDING NUMBER 2001-40401-002, Forty percent of expenditures tested had invoice dates preceding the purchase order/blanket certificate date.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JUNE 13, 2002**