



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WAYNE TOWNSHIP
KNOX COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Wayne Township
Knox County
16560 Pinkley Road
Fredericktown, Ohio 43019

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Knox County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 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 accounting principles generally accepted in the United States of America.

In our opinion, 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 December 31, 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 June 25, 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 and 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 long horizontal stroke extending to the right.

JIM PETRO
Auditor of State

June 25, 2002

**WAYNE TOWNSHIP
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Non-Expendable Trust Fund	
Cash Receipts:					
Local Taxes	\$23,547	\$50,580	\$3,500	\$0	\$77,627
Intergovernmental	50,728	78,220	0	0	128,948
Licenses, Permits, and Fees	5,397	0	0	0	5,397
Earnings on Investments	667	35	0	50	752
Other Revenue	18	716	0	0	734
Total Cash Receipts	80,357	129,551	3,500	50	213,458
Cash Disbursements:					
Current:					
General Government	44,347	5,191	0	0	49,538
Public Works	9,617	102,070	0	0	111,687
Health	1,733	525	0	0	2,258
Debt Service:					
Redemption of Principal	6,500	36,251	3,645	0	46,396
Interest and Fiscal Charges	3,280	7,414	0	0	10,694
Capital Outlay	590	0	0	0	590
Total Cash Disbursements	66,067	151,451	3,645	0	221,163
Total Receipts Over/(Under) Disbursements	14,290	(21,900)	(145)	50	(7,705)
Other Financing Receipts and (Disbursements):					
Transfers-In	0	10,450	0	0	10,450
Advances-In	1,400	1,400	0	0	2,800
Transfers-Out	(10,450)	0	0	0	(10,450)
Advances-Out	(1,400)	(1,400)	0	0	(2,800)
Total Other Financing Receipts/(Disbursements)	(10,450)	10,450	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,840	(11,450)	(145)	50	(7,705)
Fund Cash Balances, January 1, 2001	16,531	39,494	145	1,055	57,225
Fund Cash Balances, December 31, 2001	\$20,371	\$28,044	\$0	\$1,105	\$49,520
Reserve for Encumbrances, December 31	\$100	\$3,111	\$0	\$0	\$3,211

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

**WAYNE TOWNSHIP
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Non-Expendable Trust Fund	
Cash Receipts:					
Local Taxes	\$20,259	\$38,555	\$7,000	\$0	\$65,814
Intergovernmental	48,567	77,022	0	0	125,589
Licenses, Permits, and Fees	5,944	0	0	0	5,944
Earnings on Investments	652	117	0	40	809
Other Revenue	1,792	1,163	0	0	2,955
Total Cash Receipts	77,214	116,857	7,000	40	201,111
Cash Disbursements:					
Current:					
General Government	47,847	76,777	0	0	124,624
Public Safety	100	0	0	0	100
Public Works	5,748	91,510	0	0	97,258
Health	1,659	75	0	0	1,734
Debt Service:					
Redemption of Principal	6,500	17,448	6,400	0	30,348
Interest and Fiscal Charges	2,444	91	455	0	2,990
Capital Outlay	6,809	0	0	0	6,809
Total Cash Disbursements	71,107	185,901	6,855	0	263,863
Total Receipts Over/(Under) Disbursements	6,107	(69,044)	145	40	(62,752)
Other Financing Receipts and (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	87,240	0	0	87,240
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,107	18,196	145	40	24,488
Fund Cash Balances, January 1, 2000	10,424	21,298	0	1,015	32,737
Fund Cash Balances, December 31, 2000	\$16,531	\$39,494	\$145	\$1,055	\$57,225
Reserve for Encumbrances, December 31	\$0	\$967	\$0	\$0	\$967

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

**WAYNE TOWNSHIP
KNOX COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township, Knox 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 and cemetery maintenance.

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. 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:

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

Special Levy Fund - This fund receives tax levy monies for the Township Hall Renovation Project.

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:

**WAYNE TOWNSHIP
KNOX COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

General Note Retirement Fund – This fund receives tax money and is used to accumulate resources for the payment of note indebtedness.

4. Fiduciary Funds (Trust Fund)

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 the following significant Fiduciary Fund:

Non-Expendable Trust Fund – This fund receives interest income from bequests for the benefit of the cemetery.

D. 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 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 re-appropriated. The budgetary presentations have been adjusted to include items that should have been encumbered.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

E. 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
KNOX COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash pool used by all funds except for the Non-expendable Trust Fund. The Trust Fund is invested in a certificate of deposit. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2001	2000
Demand deposits	\$48,520	\$56,225
Certificates of deposit	1,000	1,000
Total deposits	\$49,520	\$57,225

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, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,722	\$80,357	\$27,635
Special Revenue	124,077	140,001	15,924
Debt Service	7,000	3,500	(3,500)
Non-Expendable Trust	52	50	(2)
Total	\$183,851	\$223,908	\$40,057

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,404	\$76,617	\$2,787
Special Revenue	151,586	154,562	(2,976)
Debt Service	7,145	3,645	3,500
Non-Expendable Trust	107	0	107
Total	\$238,242	\$234,824	\$3,418

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,276	\$77,214	\$26,938
Special Revenue	111,748	204,097	92,349
Debt Service	7,000	7,000	0
Non-Expendable Trust	52	40	(12)
Total	\$169,076	\$288,351	\$119,275

**WAYNE TOWNSHIP
KNOX 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	\$60,675	\$71,107	(\$10,432)
Special Revenue	133,033	186,868	(53,835)
Debt Service	7,000	6,855	145
Non-Expendable Trust	67	0	67
Total	\$200,775	\$264,830	(\$64,055)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gas Tax Fund by \$5,621, in the Road and Bridge Fund by \$2,816, and in the Permissive Motor Vehicle License Tax Fund by \$511 for the year ended December 31, 2001. Budgetary expenditures exceeded appropriation authority in the General Fund by \$10,432 and in the Special Levy Fund by \$68,471 for the year ended December 31, 2000.

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 payments, 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.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$32,974	6.25%
General Obligation Notes	19,200	5.95%
Total	\$52,174	

In 1999, General Obligation Notes in the amount of \$32,000 were issued to finance the purchase of a tractor. In 2000, General Obligation Notes in the amount of \$87,240 were issued to finance the Township hall renovation project.

**WAYNE TOWNSHIP
KNOX COUNTY**

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

5. DEBT (Continued)

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

	General Obligation Notes	General Obligation Notes
Year ending December 31:	(Tractor)	(Township Hall)
2002	\$7,627	\$0
2003	8,013	33,683
2004	8,400	0
Total	\$24,040	\$33,683

6. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

**WAYNE TOWNSHIP
KNOX COUNTY**

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

8. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Wayne Township
Knox County
16560 Pinkley Road
Fredericktown, Ohio 43019

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Knox County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 25, 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of finding as item 2001-40642-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 25, 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. 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 25, 2002.

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

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". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

JIM PETRO
Auditor of State

June 25, 2002

**WAYNE TOWNSHIP
KNOX COUNTY
SCHEDULE OF FINDING
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-40642-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

During 2001, expenditures plus outstanding encumbrances exceeded appropriations within the following funds:

Fund	Appropriations	Expenditures	Variance
Gas Tax Fund	\$59,394	\$65,015	(\$5,621)
Road and Bridge Fund	\$26,532	\$29,348	(\$2,816)
Permissive Motor Vehicle License Tax	\$6,935	\$7,446	(\$511)

During 2000, expenditures plus outstanding encumbrances exceeded appropriations within the following funds:

Fund	Appropriations	Expenditures	Variance
General Fund	\$60,675	\$71,107	(\$10,432)
Special Levy Fund	\$21,125	\$89,596	(\$68,471)

The Clerk should deny payment request exceeding appropriations. The Clerk may request the Trustees to approve increased expenditures levels by increasing appropriations and amending estimated resources, if necessary.

The Clerk should frequently compare actual expenditures plus encumbrances to appropriations and amend when necessary.

**WAYNE TOWNSHIP
KNOX 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>
1999-40642-001	Expenditures exceeded appropriations.	No	Not Corrected.
1999-49642-002	Equipment not competitively bid.	Yes	Finding No Longer Valid.
1999-40642-003	Payroll overpayment.	Yes	Finding No Longer Valid.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WAYNE TOWNSHIP

KNOX 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**