



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WAYNE TOWNSHIP
TABLE OF CONTENTS**

| TITLE | PAGE |
|--|-------------|
| Report of Independent Accountants | 1 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund and Fiduciary Fund Types – For the Year Ended December 31, 1999 | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund and Fiduciary Fund Types – For the Year Ended December 31, 1998 | 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 |

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
9139 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, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

Jim Petro
Auditor of State

April 13, 2000

This page intentionally left blank.

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

| | <u>Governmental Fund Types</u> | | | <u>(Totals Memorandum Only)</u> |
|--|--------------------------------|----------------------------|---------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Fiduciary Fund</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$36,813 | \$82,172 | \$0 | \$118,985 |
| Intergovernmental | 36,869 | 9,904 | 0 | 46,773 |
| Special Assessments | 0 | 2,170 | 0 | 2,170 |
| Licenses, Permits and Fees | 962 | 0 | 0 | 962 |
| Earnings on Investments | 3,426 | 1,410 | 110 | 4,946 |
| Other Revenue | 1,556 | 2,526 | 0 | 4,082 |
| | <u>0</u> | | | |
| Total Cash Receipts | <u>79,626</u> | <u>98,182</u> | <u>110</u> | <u>177,918</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 41,292 | 0 | 0 | 41,292 |
| Public Safety | 301 | 36,405 | 0 | 36,706 |
| Public Works | 719 | 35,368 | 0 | 36,087 |
| Health | 16,096 | 50 | 0 | 16,146 |
| Capital Outlay | 104,154 | 26,564 | 0 | 130,718 |
| Total Disbursements | <u>162,562</u> | <u>98,387</u> | <u>0</u> | <u>260,949</u> |
| Total Receipts over/(under) Disbursements | <u>(82,936)</u> | <u>(205)</u> | <u>110</u> | <u>(83,031)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Sale of Lots | 0 | 2,400 | 0 | 2,400 |
| Adjustments and Refunds | 29 | 0 | 0 | 29 |
| Proceeds of Note | 74,154 | 0 | 0 | 74,154 |
| Total Other Financing Receipts/(Disbursements) | <u>74,183</u> | <u>2,400</u> | <u>0</u> | <u>76,583</u> |
| Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements And Other Financing Disbursements | (8,753) | 2,195 | 110 | (6,448) |
| Fund Cash Balances January 1 | <u>118,943</u> | <u>112,113</u> | <u>5,530</u> | <u>236,586</u> |
| Fund Cash Balances, December 31 | <u>\$110,190</u> | <u>\$114,308</u> | <u>\$5,640</u> | <u>\$230,138</u> |

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

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

| | <u>Governmental Fund Types</u> | | | <u>(Totals Memorandum Only)</u> |
|---|--------------------------------|----------------------------|---------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Fiduciary Fund</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$62,638 | \$12,274 | \$0 | \$74,912 |
| Intergovernmental | 20,943 | 60,223 | 0 | 81,166 |
| Special Assessments | 0 | 5,502 | 0 | 5,502 |
| Licenses, Permits and Fees | 1,345 | 0 | 0 | 1,345 |
| Earnings on Investments | 3,394 | 1,421 | 120 | 4,935 |
| Other Revenue | 699 | 0 | 0 | 699 |
| | <u>89,019</u> | <u>79,420</u> | <u>120</u> | <u>168,559</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 41,246 | 0 | 0 | 41,246 |
| Public Safety | 301 | 12,524 | 0 | 12,825 |
| Public Works | 541 | 32,242 | 0 | 32,783 |
| Health | 13,554 | 100 | 0 | 13,654 |
| Capital Outlay | 5,500 | 35,208 | 0 | 40,708 |
| | <u>61,142</u> | <u>80,074</u> | <u>0</u> | <u>141,216</u> |
| Total Disbursements | | | | |
| Total Receipts over/(under) Disbursements | <u>27,877</u> | <u>(654)</u> | <u>120</u> | <u>27,343</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Sale of Lots | 0 | 3,295 | 0 | 3,295 |
| Adjustments and Refunds | 5,046 | 0 | 0 | 5,046 |
| | <u>5,046</u> | <u>3,295</u> | <u>0</u> | <u>8,341</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements And Other Financing Disbursements | 32,923 | 2,641 | 120 | 35,684 |
| Fund Cash Balances January 1 | <u>86,020</u> | <u>109,472</u> | <u>5,410</u> | <u>200,902</u> |
| Fund Cash Balances, December 31 | <u>\$118,943</u> | <u>\$112,113</u> | <u>\$5,530</u> | <u>\$236,586</u> |

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township, Fayette 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, 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).

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 a local commercial bank. The Trust Fund assets are deposited in a savings account and invested in U.S. savings bonds. All other interest earnings are distributed to Township funds based upon the Ohio Constitution.

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:

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. There were no material outstanding encumbrances at December 31, 1999 and 1998.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

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

2. EQUITY IN POOLED CASH 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:

| | <u>1999</u> | <u>1998</u> |
|--------------------------------|------------------|------------------|
| Demand deposits | \$228,128 | \$234,586 |
| U.S. Savings bond | <u>2,000</u> | <u>2,000</u> |
| Total deposits and investments | <u>\$230,128</u> | <u>\$236,586</u> |

A. Deposits

Deposits up to \$100,000 are insured by the Federal Depository Insurance Corporation; however, the Township had deposits in excess of \$100,000 which additional collateral was not obtained.

The Township did not obtain from its depository a statement of required additional (specific or pooled) 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, 1999 and 1998 was \$2,000.

3. BUDGETARY ACTIVITY

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

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 76,000 | \$153,809 | \$77,809 |
| Special Revenue | 80,775 | 100,582 | 19,807 |
| Fiduciary | <u>0</u> | <u>110</u> | <u>110</u> |
| Total | <u>\$156,775</u> | <u>\$254,501</u> | <u>\$97,726</u> |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$195,209 | \$162,562 | \$ 32,647 |
| Special Revenue | 192,622 | 98,387 | 94,235 |
| Fiduciary | <u>5,530</u> | <u>0</u> | <u>5,530</u> |
| Total | <u>\$393,361</u> | <u>\$260,949</u> | <u>\$132,412</u> |

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

3. BUDGETARY ACTIVITY (Continued)

| 1998 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 47,319 | \$ 94,065 | \$46,746 |
| Special Revenue | 77,775 | 82,715 | 4,940 |
| Fiduciary | <u>0</u> | <u>120</u> | <u>120</u> |
| Total | <u>\$125,094</u> | <u>\$176,900</u> | <u>\$51,806</u> |

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$133,339 | \$ 61,142 | \$ 72,197 |
| Special Revenue | 187,246 | 80,074 | 107,172 |
| Fiduciary | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$320,585</u> | <u>\$141,216</u> | <u>\$179,369</u> |

The Township did not use the encumbrance method of accounting as required by the Ohio Administration Code Section 117-3-11. Also, the Township did not certify the availability of funds for commitments as required Ohio Rev. Code, Section 5705.41 (D).

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

| | Principal | Interest Rate |
|--|-----------------|------------------|
| Fire Equipment General Obligation Note | <u>\$74,154</u> | 4.90% |

The fire equipment general obligation note was issued on August 4, 1999 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. Payments are to be made annually.

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

| Year ending December 31: | Fire Equipment General Obligation Notes |
|-----------------------------|---|
| 2000 | \$17,139 |
| 2001 | 17,139 |
| 2002 | 17,139 |
| 2003 | 17,139 |
| 2004 | <u>17,139</u> |
| Total | <u>\$85,695</u> |

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 plans. This plan provide 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland Marine
- Wrongful Acts
- 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
9139 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, 1999 and 1998, and have issued our report thereon dated April 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 1999-40624-001 thru 1999-40624-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Township in a separate letter dated April 13, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 13, 2000

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

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

FINDING NUMBER 1999-40624-001

Noncompliance

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:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of 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.
2. 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 1999-40624-002

Ohio Admin. Code, Section 117-3-11, provides that each Township expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance in the appropriation ledger. This procedure is to be initiated by an executed purchase order. Ohio Administrative Code, Section 117-3-05, prescribes the triplicate form to be used as the purchase order and indicates that the third copy of the form must be attached to the voucher along with the invoice.

Of the expenditures tested, 100% of all expenditures tested were made without the execution of a purchase order.

FINDING NUMBER 1999-40624-003

Noncompliance

Ohio Revised Code § 135.18 and 135.181 requires that the Clerk of the subdivision to require the depository to pledge as security an amount equal to the funds on deposit at all times. The Township did not obtain from its depository a statement of required additional collateral (specific or pooled) for those funds on deposit over and above that covered by federal deposit insurance.



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
JULY 6, 2000**