



**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



WAYNE TOWNSHIP  
MUSKINGUM COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
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 .....	3
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, 1999 .....	4
Notes to the Financial Statements .....	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13

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## REPORT OF INDEPENDENT ACCOUNTANTS

Wayne Township  
Muskingum County  
5550 Cutler Lake Road  
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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, 2000 and 1999, 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, 2001 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 the audit committee, management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 13, 2001

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**WAYNE TOWNSHIP  
MUSKINGUM 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**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Expendable Trust</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$34,600	\$210,700				\$245,300
Charges for Services	16,525					16,525
Licenses, Permits, and Fees		\$2,350				\$2,350
Intergovernmental	67,646	86,638		51,225		205,509
Earnings on Investments	24,098	1,068			30	25,196
Other Revenue	699	1,025				1,724
<b>Total Cash Receipts</b>	<u>143,568</u>	<u>301,781</u>	<u>0</u>	<u>51,225</u>	<u>30</u>	<u>496,604</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	58,034	2,666				60,700
Public Safety	25,912	11,427				37,339
Public Works	40,722	155,794		51,225		247,741
Health	530					530
Capital Outlay	5,980	13,247				19,227
<b>Total Cash Disbursements</b>	<u>131,178</u>	<u>183,134</u>	<u>0</u>	<u>51,225</u>	<u>0</u>	<u>365,537</u>
Total Cash Receipts Over/(Under) Cash Disbursements	12,390	118,647	0	0	30	131,067
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Assets	165	0	0	0	0	165
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>165</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>165</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,555	118,647	0	0	30	131,232
Fund Cash Balances, January 1	175,056	381,134	57	0	2,214	558,461
<b>Fund Cash Balances, December 31</b>	<u><b>\$187,611</b></u>	<u><b>\$499,781</b></u>	<u><b>\$57</b></u>	<u><b>\$0</b></u>	<u><b>\$2,244</b></u>	<u><b>\$689,693</b></u>

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

WAYNE TOWNSHIP  
MUSKINGUM 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, 1999

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non-Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$31,697	\$198,478				\$230,175
Charges for Services	\$15,000					\$15,000
Licenses, Permits, and Fees		\$2,525				\$2,525
Intergovernmental	64,168	85,990		24,471		174,629
Earnings on Investments	12,888	574			32	13,494
Other Revenue	773	6,697				7,470
<b>Total Cash Receipts</b>	<u>124,526</u>	<u>294,264</u>	<u>0</u>	<u>24,471</u>	<u>32</u>	<u>443,293</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	60,511	5,375				65,886
Public Safety	24,778	8,055				32,833
Public Works	30,127	121,677		24,471		176,275
Health	470					470
Capital Outlay	19,012	48,100				67,112
<b>Total Cash Disbursements</b>	<u>134,898</u>	<u>183,207</u>	<u>0</u>	<u>24,471</u>	<u>0</u>	<u>342,576</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(10,372)	111,057	0	0	32	100,717
Fund Cash Balances, January 1	<u>185,428</u>	<u>270,077</u>	<u>57</u>	<u>0</u>	<u>2,182</u>	<u>457,744</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$175,056</b></u>	<u><b>\$381,134</b></u>	<u><b>\$57</b></u>	<u><b>\$0</b></u>	<u><b>\$2,214</b></u>	<u><b>\$558,461</b></u>

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



**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wayne Township, Muskingum 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, fire protection, and emergency medical services. The Township contracts with Harrison Township EMS for emergency medical 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 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:

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

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

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**3. Debt Service Fund**

This fund is used to account for the accumulation of financial resources for, and the payment of, long-term debt principal, interest, and related costs and special assessment long-term principal, interest, and related costs.

**4. Capital Project Fund**

These funds are used to account for financial resources to be used for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Township had the following capital project fund:

Issue II Project Fund - This fund collects money from the Ohio Public Works Commission for the repair of Township roads.

**5. Fiduciary Funds (Trust and Agency Funds)**

This fund is used to account for resources restricted by legally binding trust agreements. If the trust agreement requires the Township to maintain a corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had a Cemetery Bequest Fund, a non-expendable trust fund, which receives interest money from the investment of the bequest for the maintenance 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, 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 commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**2. EQUITY IN POOLED CASH**

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

	<b>2000</b>	<b>1999</b>
Demand Deposits	\$689,693	\$558,461

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,352	\$143,733	\$68,381
Special Revenue	250,104	301,781	51,677
Debt Service	0	0	0
Capital Project	0	51,225	51,225
Non-expendable Trust	35	30	(5)
Total	\$325,491	\$496,769	\$171,278

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$250,407	\$131,178	\$119,229
Special Revenue	631,238	183,134	448,104
Debt Service	57	0	57
Capital Project	0	51,225	(51,225)
Non-expendable Trust	0	0	0
Total	\$881,702	\$365,537	\$516,165

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,480	\$124,526	\$52,046
Special Revenue	245,984	294,264	48,280
Debt Service	0	0	0
Capital Projects	0	24,471	24,471
Non-expendable Trust	35	32	(3)
Total	\$318,499	\$443,293	\$124,794

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$257,908	\$134,898	\$123,010
Special Revenue	516,061	183,207	332,854
Debt Service	57	0	57
Capital Projects	0	24,471	(24,471)
Non-expendable Trust	2,217	0	2,217
Total	\$776,243	\$342,576	\$433,667

**Accountability and Compliance:** In 2000 and 1999, the Township's Issue II Fund (Capital Projects) had expenditures which exceeded appropriations.

**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.

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  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's employees, as well as elected officials, 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance coverage to full-time employees and elected officials through a private carrier.

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

Wayne Township  
Muskingum County  
5550 Cutler Lake Road  
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 13, 2001. 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 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 Findings as item 2000-41060-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 13, 2001.

**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 April 13, 2001.

Wayne Township  
Muskingum County  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

April 13, 2001



**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-41060-001**

Ohio Rev. Code § 5705.41(B) states, in part, that no subdivision or taxing unit is to expend money unless it has been appropriated. The Township participated in the Issue II Program administered by the Ohio Public Works Commission. However, the Issue II Program activity was not appropriated and expenditures exceeded appropriations in the Issue II Fund by \$51,225 and \$24,271, for 2000 and 1999, respectively.

We recommend a separate Capital Projects Fund be established to account for project costs relating to the Issue II project and that Issue II project activity be budgeted by the Township as prescribed in Auditor of State Bulletin 2000-08.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**WAYNE TOWNSHIP**  
**MUSKINGUM 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 7, 2001**