



**WAYNE TOWNSHIP
NOBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WAYNE TOWNSHIP
NOBLE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Wayne Township
Noble County
56360 Lashley Rd.
Senecaville, OH 43780-9749

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Noble 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 Wayne Township, Noble County, 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 May 24, 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 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

May 24, 2001

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**WAYNE TOWNSHIP
NOBLE COUNTY**

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

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$14,571 | \$872 | \$ | \$15,443 |
| Intergovernmental | 11,100 | 57,591 | 11,606 | 80,297 |
| Licenses, Permits, and Fees | 199 | | | 199 |
| Earnings on Investments | 561 | 1,377 | | 1,938 |
| Other Revenue | 278 | 292 | | 570 |
| | <u>26,709</u> | <u>60,132</u> | <u>11,606</u> | <u>98,447</u> |
| Total Cash Receipts | | | | |
| | 26,709 | 60,132 | 11,606 | 98,447 |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 17,583 | | | 17,583 |
| Public Safety | 1,100 | | | 1,100 |
| Public Works | | 51,919 | | 51,919 |
| Health | 3,425 | | | 3,425 |
| Capital Outlay | 13,823 | 6,076 | 11,606 | 31,505 |
| | <u>35,931</u> | <u>57,995</u> | <u>11,606</u> | <u>105,532</u> |
| Total Cash Disbursements | | | | |
| | 35,931 | 57,995 | 11,606 | 105,532 |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(9,222)</u> | <u>2,137</u> | <u>0</u> | <u>(7,085)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | 6,501 | | | 6,501 |
| Transfers-Out | | (6,501) | | (6,501) |
| Other Sources | 164 | | | 164 |
| | <u>6,665</u> | <u>(6,501)</u> | <u>0</u> | <u>164</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| | 6,665 | (6,501) | 0 | 164 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>(2,557)</u> | <u>(4,364)</u> | <u>0</u> | <u>(6,921)</u> |
| Fund Cash Balances, January 1 | <u>6,159</u> | <u>95,690</u> | <u></u> | <u>101,849</u> |
| Fund Cash Balances, December 31 | <u>\$3,602</u> | <u>\$91,326</u> | <u>\$0</u> | <u>\$94,928</u> |

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

**WAYNE TOWNSHIP
NOBLE COUNTY**

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

| | <u>Governmental Fund Types</u> | | <u>Totals</u> |
|--|--------------------------------|-----------------------------|------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>(Memorandum Only)</u> |
| Cash Receipts: | | | |
| Local Taxes | \$13,444 | \$825 | \$14,269 |
| Intergovernmental | 11,689 | 73,785 | 85,474 |
| Licenses, Permits, and Fees | 229 | 500 | 729 |
| Earnings on Investments | 358 | 1,020 | 1,378 |
| Other Revenue | 239 | 134 | 373 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 25,959 | 76,264 | 102,223 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 21,063 | | 21,063 |
| Public Safety | 1,116 | | 1,116 |
| Public Works | | 47,984 | 47,984 |
| Health | 3,300 | 437 | 3,737 |
| Capital Outlay | | 1,714 | 1,714 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 25,479 | 50,135 | 75,614 |
| Total Cash Receipts Over/(Under) Cash Disbursements | <hr/> | <hr/> | <hr/> |
| | 480 | 26,129 | 26,609 |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 1,178 | 1,178 |
| Transfers-Out | | (1,178) | (1,178) |
| Other Sources | 13 | 150 | 163 |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Receipts/(Disbursements) | 13 | 150 | 163 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <hr/> | <hr/> | <hr/> |
| | 493 | 26,279 | 26,772 |
| Fund Cash Balances, January 1 | <hr/> | <hr/> | <hr/> |
| | 5,666 | 69,411 | 75,077 |
| Fund Cash Balances, December 31 | <hr/> \$6,159 <hr/> | <hr/> \$95,690 <hr/> | <hr/> \$101,849 <hr/> |

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

**WAYNE TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township, Noble 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 services. The Township contracts with the Village of Senacaville and the Village of Quaker City to provide fire protection services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when 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. 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 Fund:

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

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

Issue II Fund - The Township received a grant from the State of Ohio to pave Township Road 1026.

**WAYNE TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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:

| | <u>2000</u> | <u>1999</u> |
|-----------------|-----------------|------------------|
| Demand deposits | <u>\$94,928</u> | <u>\$101,849</u> |

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and for the period of July 19, 2000 through December 31, 2000 were also collateralized by securities specifically pledged by the financial institution to the Township.

**WAYNE TOWNSHIP
NOBLE COUNTY**

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

3. BUDGETARY ACTIVITY

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

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$21,243 | \$33,374 | \$12,131 |
| Special Revenue | 51,895 | 60,132 | 8,237 |
| Capital Projects | 0 | 11,606 | 11,606 |
| Total | \$73,138 | \$105,112 | \$31,974 |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$41,225 | \$35,931 | \$5,294 |
| Special Revenue | 133,762 | 64,496 | 69,266 |
| Capital Projects | 0 | 11,606 | (11,606) |
| Total | \$174,987 | \$112,033 | \$62,954 |

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$22,406 | \$25,972 | \$3,566 |
| Special Revenue | 63,737 | 77,592 | 13,855 |
| Total | \$86,143 | \$103,564 | \$17,421 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$28,072 | \$25,479 | \$2,593 |
| Special Revenue | 121,463 | 51,313 | 70,150 |
| Total | \$149,535 | \$76,792 | \$72,743 |

The Township had several instances in which expenditures exceeded appropriations at the legal level of control, contrary to Ohio Rev. Code Section 5705.41(B).

**WAYNE TOWNSHIP
NOBLE COUNTY**

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

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.

5. 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 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 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 and dental and vision coverage to officials through a private carrier.

7. SUBSEQUENT EVENTS

In February 2001, the Township obtained a loan for five years in the amount of \$27,300 for the construction of a garage and office.



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

Wayne Township
Noble County
56360 Lashley Rd.
Senecaville, OH 43780-9749

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 24, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as item 2000-41061-001 and 2000-41061-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 24, 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. However, we noted certain matters 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 2000-41061-003.

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 24, 2001.

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.

Jim Petro
Auditor of State

May 24, 2001

WAYNE TOWNSHIP
NOBLE 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 2000-41061-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

The following funds and expenditure accounts had expenditures which exceeded appropriations at the legal level of control:

2000

| | | |
|--------------------------------|----|--------|
| General Fund | | |
| General Government | | |
| Supplies - Administration | \$ | 63 |
| Other Expenses | \$ | 2,635 |
| Utilities | \$ | 87 |
| Salaries and Fees | \$ | 75 |
| Supplies - Other Expenses | \$ | 269 |
| Auditor's and Treasurer's Fees | \$ | 254 |
| Gas Tax Fund | | |
| Capital Outlay | | |
| Other Expenses | \$ | 11,369 |
| Issue II Fund | | |
| Capital Outlay | | |
| Contracts | \$ | 11,606 |

1999

| | | |
|--------------------------------|----|-------|
| General Fund | | |
| General Government | | |
| Salary Clerk | \$ | 78 |
| Auditor's and Treasurer's Fees | \$ | 214 |
| Other Expenses | \$ | 2,045 |
| Gas Tax Fund | | |
| Public Works | | |
| Other Expenses | \$ | 5,084 |
| Cemetery Fund | | |
| Health | | |
| Other Expenses | \$ | 315 |
| FEMA Fund | | |
| Public Works | | |
| Other Expenses | \$ | 4,005 |

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

**WAYNE TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-41061-002

Finding for Adjustment

Ohio Rev. Code Section 5735.27 specifically authorizes gasoline tax money to be used for the construction and maintenance of suitable buildings for housing road machinery and equipment, but does not authorize the acquisition of a site or purchase of real estate for such purpose.

The Township purchased property to construct a Township garage and office. The Township charged \$19,711 of this purchase to the Gasoline Tax Fund and \$380 to the General Fund.

A finding for adjustment is hereby issued against the Road and Bridge Fund in the amount of \$ 5,888 and the General Fund in the amount of \$13,823, in favor of the Gasoline Tax Fund of Wayne Township in the amount of \$19,711. This adjustment is reflected in the 2000 financial statements and has been made to the Township's books.

FINDING NUMBER 2000-41061-003

Reportable Condition

Accounting for Issue II

Issue II money spent on behalf of the Township in 2000 was not accounted for on the Township's books. According to Auditor of State Bulletin 2000-08 and Auditor of State Management Advisory Services Bulletin 89-17, these monies should be accounted for in an Issue II Fund within the Capital Projects Fund Type. The Township did not certify the funds or appropriate for the expenditure of the Issue II money.

We recommend the Township account for Issue II money. The revenue should be certified, and the appropriations should be amended to include the expenditure of this money. The financial statements have been adjusted to reflect the receipts and expenditures of Issue II monies.

**WAYNE TOWNSHIP
NOBLE COUNTY**

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

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|--|------------------|---|
| 1998-41061-001 | Ohio Rev. Code § 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. For 1997 the General fund had expenditures in excess of appropriations. | No | Not corrected, repeated in GAGAS letter. |
| 1999-41061-002 | Ohio Admin. Code Sections 117-3-09 and 117-3-11 establish the formats and instructions for maintaining receipt and appropriation ledgers for Townships. The Clerk did not completely post the receipt and appropriation ledgers. | No | Partially Corrected. For the audit period, the receipt ledger was not always completely posted, immaterial amounts not posted. This citation has been cited in the management letter. |



STATE OF OHIO
OFFICE OF THE AUDITOR

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WAYNE TOWNSHIP

NOBLE 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 5, 2001**