

WAYNE TOWNSHIP

DAYTON REGION, DARKE COUNTY, OHIO

REGULAR AUDIT

JANUARY 1, 2000 THROUGH DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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The Board of Trustees
Wayne Township
Darke County
P.O. Box 205
Versailles, Ohio 45380

We have reviewed the Independent Auditor's Report of Wayne Township, Darke County, prepared by Vanderhorst & Manning, CPAs, for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Wayne Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

March 26, 2002

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**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

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VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

REPORT OF INDEPENDENT AUDITORS'

Board of Trustees
Wayne Township
Darke County
P.O. Box 205
Versailles, Ohio 45380

We have audited the accompanying financial statements of Wayne Township, Darke County, Ohio, (the Township), as of and for the years ended December 31, 2001, and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described 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, Darke County, Ohio, as of December 31, 2001, and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 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 on considering the results of our audit.

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

Vanderhorst & Manning CPAs, LLC
Greenville, Ohio

March 6, 2002

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**WAYNE TOWNSHIP
DARKE COUNTY**

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

| | GOVERNMENTAL FUND TYPES | | Total (Memorandum Only) |
|--|-------------------------|--------------------|-------------------------------|
| | General | Special Revenue | |
| Cash Receipts: | | | |
| Taxes | \$ 38,448 | \$ 83,448 | \$ 121,896 |
| Intergovernmental Receipts | 32,825 | 69,412 | 102,237 |
| Special Assessments | 0 | 776 | 776 |
| Interest | 4,529 | 2,711 | 7,240 |
| All Other Receipts | 1,946 | 0 | 1,946 |
| Total Cash Receipts | <u>77,748</u> | <u>156,347</u> | <u>234,095</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 60,234 | 31,002 | 91,236 |
| Public Safety | 0 | 615 | 615 |
| Public Works | 724 | 144,032 | 144,756 |
| Health | 11,279 | 0 | 11,279 |
| Capital Outlay | 588 | 0 | 588 |
| Total Cash Disbursements | <u>72,825</u> | <u>175,649</u> | <u>248,474</u> |
| Total Receipts Over/(Under) Disbursements | 4,923 | (19,302) | (14,379) |
| Fund Cash Balances, January 1, 2001 | <u>90,777</u> | <u>110,788</u> | <u>201,565</u> |
| Fund Cash Balances, December 31, 2001 | <u>\$ 95,700</u> | <u>\$ 91,486</u> | <u>\$ 187,186</u> |

The Notes to the Financial Statements are an integral part of this statement.

**WAYNE TOWNSHIP
DARKE 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

| | GOVERNMENTAL FUND TYPES | | |
|--|--------------------------------|----------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | <u>Total (Memorandum Only)</u> |
| Cash Receipts: | | | |
| Taxes | \$ 37,854 | \$ 80,236 | \$ 118,090 |
| Intergovernmental Receipts | 51,038 | 65,619 | 116,657 |
| Special Assessments | 0 | 624 | 624 |
| Interest | 3,751 | 2,601 | 6,352 |
| All Other Receipts | 213 | 0 | 213 |
| | <u>92,856</u> | <u>149,080</u> | <u>241,936</u> |
| Total Cash Receipts | | | |
| | <u>92,856</u> | <u>149,080</u> | <u>241,936</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 60,431 | 29,583 | 90,014 |
| Public Safety | 0 | 563 | 563 |
| Public Works | 20,050 | 94,606 | 114,656 |
| Health | 10,864 | 0 | 10,864 |
| Capital Outlay | 2,605 | 0 | 2,605 |
| | <u>93,950</u> | <u>124,752</u> | <u>218,702</u> |
| Total Cash Disbursements | | | |
| | <u>93,950</u> | <u>124,752</u> | <u>218,702</u> |
| Total Receipts Over/(Under) Disbursements | (1,094) | 24,328 | 23,234 |
| Fund Cash Balances, January 1, 2000 | <u>91,871</u> | <u>86,460</u> | <u>178,331</u> |
| Fund Cash Balances, December 31, 2000 | <u>\$ 90,777</u> | <u>\$ 110,788</u> | <u>\$ 201,565</u> |

The Notes to the Financial Statements are an integral part of this statement.

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township of Darke County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including street maintenance and 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 a payment is made 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

Certificates of Deposit are valued at cost

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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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 license tax money for construction, maintaining and repairing Township roads.

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

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds: (Continued)

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

Fire District Fund – This fund receives the proceeds of a property tax levy for obtaining the fire protection services for Township residents.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus the cash balance as of January 1. The County Budget Commission must also approve estimated resources.

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

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

F. Property, Plant and Equipment

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

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:

| | 2001 | 2000 |
|-------------------------|-------------------|-------------------|
| Deposits | \$ 137,186 | \$ 126,565 |
| Certificate of Deposits | <u>50,000</u> | <u>75,000</u> |
| Total deposits | <u>\$ 187,186</u> | <u>\$ 201,565</u> |

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

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001, and 2000 was as follows:

2001 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|------------------------------|----------------------------|-----------------|
| General | \$ 73,310 | \$ 77,748 | \$ 4,438 |
| Special Revenue | <u>160,105</u> | <u>156,347</u> | <u>(3,758)</u> |
| Total | <u>\$233,415</u> | <u>\$234,095</u> | <u>\$ 680</u> |

2001 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|------------------------------------|-----------------------------------|------------------|
| General | \$164,087 | \$ 72,825 | \$ 91,262 |
| Special Revenue | <u>270,893</u> | <u>175,649</u> | <u>95,244</u> |
| Total | <u>\$434,980</u> | <u>\$248,474</u> | <u>\$186,506</u> |

2000 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|------------------------------|----------------------------|------------------|
| General | \$ 72,444 | \$ 92,856 | \$ 20,412 |
| Special Revenue | <u>155,134</u> | <u>149,080</u> | <u>(6,054)</u> |
| Total | <u>\$227,578</u> | <u>\$241,936</u> | <u>\$ 14,358</u> |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|------------------------------------|-----------------------------------|-------------------|
| General | \$164,315 | \$ 93,950 | \$ 70,365 |
| Special Revenue | <u>241,594</u> | <u>124,752</u> | <u>116,842</u> |
| Total | <u>\$ 405,909</u> | <u>\$218,702</u> | <u>\$ 187,207</u> |

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.

**WAYNE TOWNSHIP
DARKE COUNTY, OHIO**

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

4. PROPERTY TAX (Continued)

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 full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including post-retirement health care, 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 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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**VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

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

Board of Trustees
Wayne Township
Darke County
P.O. Box 205
Versailles, Ohio 45380

We have audited the financial statements of the Wayne Township, Darke County, Ohio (the Township), as of and for the years ended December 31, 2001, and 2000, and have issued our report thereon dated March 6, 2002. We conducted our audits 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated March 6, 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 specific 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 operations that we consider to be material weaknesses. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 6, 2002.

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

Vanderhorst & Manning CPAs, LLC
Greenville, Ohio

March 6, 2002



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

DARKE 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
APRIL 4, 2002**