



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

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**STATE OF OHIO**



WAYNE TOWNSHIP  
CHAMPAIGN COUNTY

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 Types – For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	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
Schedule of Prior Audit Findings .....	18

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Wayne Township  
Champaign County  
5666 Black Road  
Cable, Ohio 43009

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Champaign County (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 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 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 May 21, 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.

Wayne Township  
Champaign County  
Report of Independent Accountants  
Page 2

This report is intended solely for the information and use of the 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

May 21, 2002

**WAYNE TOWNSHIP  
CHAMPAIGN 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$20,269	\$127,779	\$148,048
Intergovernmental	38,448	75,924	114,372
Licenses, Permits, and Fees	6,530	2,434	8,964
Earnings on Investments	2,163	2,674	4,837
Other Revenue	1,171	766	1,937
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	68,581	209,577	278,158
<b>Cash Disbursements:</b>			
Current:			
General Government	65,405		65,405
Public Works		205,512	205,512
Health	8,579		8,579
Capital Outlay	15,534	3,036	18,570
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	89,518	208,548	298,066
Total Receipts Over/(Under) Disbursements	(20,937)	1,029	(19,908)
Fund Cash Balances, January 1	8,976	120,583	129,559
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>(\$11,961)</u>	<u>\$121,612</u>	<u>\$109,651</u>
Reserve for Encumbrances, December 31	<u>\$429</u>	<u>\$562</u>	<u>\$991</u>

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

**WAYNE TOWNSHIP  
CHAMPAIGN 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$20,233	\$128,389	\$148,622
Intergovernmental	20,639	75,525	96,164
Licenses, Permits, and Fees	6,216	2,900	9,116
Earnings on Investments	2,699	2,627	5,326
Other Revenue	434	432	866
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	50,221	209,873	260,094
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	51,968		51,968
Public Works		155,635	155,635
Health	7,366		7,366
Capital Outlay		330	330
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	59,334	155,965	215,299
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(9,113)	53,908	44,795
Fund Cash Balances, January 1	18,089	66,675	84,764
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$8,976</b>	<b>\$120,583</b>	<b>\$129,559</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31		\$93	\$93
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wayne Township, Champaign 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 government services, cemetery maintenance, and road and bridge 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. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. STAR Ohio investment is recorded at share values reported by STAR Ohio.

**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

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

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

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

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

**Road District Fund** - This fund receives property tax money from a road levy to pay for constructing, maintaining and repairing Township roads.

**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. 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 reappropriated. The Township did not use the encumbrance method of accounting.

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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**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:

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	2001	2000
Demand deposits	\$60,731	\$111,276
Certificates of deposit	18,438	18,283
Total deposits	79,169	129,559
STAR Ohio	30,482	
Total deposits and investments	\$109,651	\$129,559

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,000	\$68,581	\$18,581
Special Revenue	196,500	209,577	13,077
Total	\$246,500	\$278,158	\$31,658

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditure	Variance
General	\$85,766	\$89,947	(\$4,181)
Special Revenue	288,864	209,110	79,754
Total	\$374,630	\$299,057	\$75,573

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,000	\$50,221	\$221
Special Revenue	196,500	209,873	13,373
Total	\$246,500	\$260,094	\$13,594

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,770	\$59,334	\$21,436
Special Revenue	250,490	156,058	94,432
Total	\$331,260	\$215,392	\$115,868

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

The Township recorded receipts and expenditures in the incorrect funds which violated the requirements of Ohio Rev. Code Section 5705.10.

The General Fund had a negative fund balance at December 31, 2001 which violates Ohio Rev. Code Section 5705.10.

Amendments were made to the appropriations without the approval of the Trustees. This violated the requirements of Ohio Rev. Code Section 5705.40.

There were several instances where expenditures exceeded appropriations at the legal level. This violated the requirements of Ohio Rev. Code Section 5705.41(B).

**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.

**5. RETIREMENT SYSTEMS**

The Township's 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 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, members of PERS 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.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

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

**6. RISK MANAGEMENT**

**A. Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**B. Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**C. Property Coverage**

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**D. Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

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

**7. NEGATIVE GENERAL FUND BALANCE**

At December 31, 2001 the Township had a negative General Fund balance of \$11,961 as a result of audit adjustments that were necessary to correctly state the 2001 and 2000 financial statements. The Township will reduce General Fund appropriations and expenditures in 2002 and 2003 to allow them to make the audit adjustments required by item 2001-40311-002 in the Schedule of Findings and to have a positive General Fund balance by December 31, 2003.



**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  
Champaign County  
5666 Black Road  
Cable, Ohio 43009

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Champaign County (the "Township"), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 21, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2001-40311-001 through 2001-40311-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 21, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying schedule of findings as items 2001-40311-007 and 2001-40311-008.

**Internal Control Over Financial Reporting  
(Continued)**

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, of the reportable conditions described above, we consider item 2001-40311-008 to be material weaknesses. 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 21, 2002.

This report is intended solely for the information and use of the 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 21, 2002

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-40311-001**

**Finding for Recovery / Noncompliance Citation**

**Wayne Township Minutes, July 1, 1996**, state that the Township planned to obtain a new insurance policy for Wayne Holycross, a Wayne Township employee. According to the minutes, the Township was to pay 90%, and Mr. Holycross was to pay 10% of the policy deductible until the maximum deductible of \$2,500 on claims was met during a calendar year. During 2001 and 2000, the Township reimbursed Mr. Holycross for 100% of the deductibles which resulted in an overpayment of \$281.22.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money illegally expended is hereby issued against Wayne Holycross, Township employee, and Township Clerk Barbara Moore, and her bonding company Ohio Farmers Insurance Company, jointly and severally, in the amount of \$33.32 for year 2001 and \$247.90 for year 2000 and in favor of Wayne Township.

**FINDING NUMBER 2001-40311-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.10** states that all revenue derived for a specific purpose is required to be paid into the separate fund for that purpose. During 2001 and 2000, the Township incorrectly recorded property tax revenue and intergovernmental revenue belonging to the Special Revenue Road and Bridge and Road District Funds in the General Fund.

In addition, expenditures may only be made for the purpose for which a fund was established. During 2001 and 2000, expenses for the opening and closing of graves were recorded in the Special Revenue Motor Vehicle License, Road and Bridge, Road District, and Permissive Tax Funds, and during 2001, a refund for a land deposit paid from the Special Revenue Cemetery Fund was recorded in the General Fund.

The financial statements reflect these adjustments and the Township has agreed to post them to their records when technically feasible. These adjustments had the following effect upon the respective fund type balances:

General Fund		Special Revenue Fund	
2000	(\$15,103)	2000	\$15,103
2001	(\$20,000)	2001	\$20,000

The Township should implement review and monitoring procedures to help assure the recording of revenues and expenditures in the correct funds. The Trustees should initial and date the monthly Township revenue and expenditure reports as proof of their review.

**FINDING NUMBER 2001-40311-003**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.10** states that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund has been used to cover expenses from another fund.

At December 31, 2001, the Township had a negative General Fund balance in the amount of \$11,961.

The Township should implement review procedures to monitor revenues and expenditures to help prevent negative fund balances. Included in this review should be procedures to help identify revenue and expenditure fund posting errors which may prevent the detection of potential negative fund balances.

**FINDING NUMBER 2001-40311-004**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.40** states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as was used in making the original appropriation. During September and December of 2001, the Clerk posted supplemental appropriations to the accounting system. These changes represented a change in approved appropriations of 27% in the General Fund, a 34% in the Road and Bridge Fund, and a 72% change in the Cemetery Fund. During July, November, and December of 2000, the Clerk posted supplemental appropriations to the accounting system. These changes represented a change in approved appropriations of 43% in the Motor Vehicle License Tax Fund and 3% in the Gas Tax Fund. There was no evidence in the Township minutes that the Trustees had approved these supplemental appropriations.

The Township should monitor budget versus actual activity to help detect when the appropriations need to be amended or supplemented. When it is necessary to amend or supplement appropriations it will be necessary to obtain approval from the Board of Trustees. This approval should be documented in the minutes along with evidence of the exact changes in appropriations.

**FINDING NUMBER 2001-40311-005**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(B)** states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. During 2001 and 2000, the following violations of this requirement were noted.

**FINDING NUMBER 2001-40311-005**  
**(Continued)**

<b>YEAR</b>	<b>LEGAL LEVEL</b>	<b>APPROPRIATIONS</b>	<b>EXPENDITURES</b>	<b>VARIANCE</b>
2001	General Fund—general government-clerk’s salary	\$10,000	\$10,429	(\$429)
	General Fund – general government – other	17,466	38,862	(21,396)
	Gas Tax Fund – public works – trustee’s salaries	3,000	3,501	(501)
	Cemetery Fund – health – other	0	5,000	(5,000)
2000	General Fund – general government – electricity	500	715	(215)
	Motor Vehicle License Tax Fund – public works – operating supplies	0	1,480	(1,480)
	Gas Tax Fund – public works – township staff	33,000	34,910	(1,910)

The failure to monitor appropriations versus expenditures could result in expenditures exceeding available resources and possibly result in deficit spending. The Township should monitor budget versus actual reports to help identify potential violations of this requirement.

**FINDING NUMBER 2001-40311-006**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for townships may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

One hundred percent of the transactions tested were not certified by the Clerk prior to making orders for the expenditure of Township funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to help ensure compliance with this requirement, but to help prevent the unauthorized obligation of Township funds.

**FINDING NUMBER 2001-40311-007**

**Reportable Condition**

**Recording of Approved Estimated Receipts and Appropriations**

The budgeted receipts and expenditures, as adopted by the Trustees, should be posted to the accounting records of the Township. During 2001, estimated revenues were not posted to accounting records and during 2000, the amounts posted were not correct. During 2001 and 2000, the accounting records included supplemental appropriations that had not been approved by the Trustees. The failure to record the adopted budgeted receipts and expenditures in the accounting records inhibits the Township's ability to monitor their current financial position.

Procedures should be implemented by the Township to compare what has been entered into the system to what was adopted by the Trustees.

**FINDING NUMBER 2001-40311-008**

**Reportable Condition/Material Weakness**

**Cash Management**

Our review of the Township's cash management procedures disclosed numerous weaknesses. Accurate bank-to-book reconciliations should be prepared, checks should be issued in numerical and chronological sequence, old outstanding checks should be investigated, and receipts should be deposited in a timely manner. Some of the problems noted in these areas are as follows:

- The December 31, 2001 reconciliation included: 1) an \$8,000 deposit-in-transit from STAR Ohio to Citizens Bank which was not transferred from STAR Ohio to Citizens; 2) A \$416 deposit- in-transit, which included \$186 in currency, that was not deposited until January 9, 2002; and 3) A \$7,320.46 deposit-in-transit was not deposited until January 22, 2002;
- During 2001 and 2000, all interest earned on certificates of deposit were not recorded as part of the fund balance;
- The December 31, 2001, the outstanding check list included a check in the amount of \$490 which actually had not been issued and was marked "Voided";
- Three payroll remittance checks dated October 15, 2001, payable to Citizens Bank for Federal Taxes, Ohio Department of Taxation and School District Income Tax were still outstanding at December 31, 2001. Checks outstanding for more than one year were included in the reconciliations;
- During 2001 and 2000, the information per the check register and on line expenditure journal did not always agree with the actual canceled check and bank statement. This was a result of changing the preprinted check numbers and putting that number in the check register which automatically updated the expenditure journal. When the checks cleared the bank, the checks appeared on the bank statement with the original number. Some checks numbers that were changed during April 2001 did not appear in the warrant register and expenditure journal until December 2001;
- During 2001 and 2000, checks were issued out of numeric sequence as a result of taking checks and holding them for use as a manual check at a later date, thus causing inaccurate information to be posted to the expenditure journal and warrant register;

**FINDING NUMBER 2001-40311-008**  
**(Continued)**

**Reportable Condition/Material Weakness**

**Cash Management**

- In some instances during 2001 and 2000, cash and checks were held up to three weeks prior to being deposited.

The Township's failure to monitor and correct these issues could result in errors or irregularities going undetected in a timely manner. The Township should implement review and monitoring procedures to help prevent the occurrence of these issues.

**WAYNE TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-40311-001	Ohio Rev. Code 5705.10 – recording of revenue in the incorrect fund.	No	Not corrected. Repeated as finding number 2001-40311-002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**WAYNE TOWNSHIP**  
**CHAMPAIGN 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 16, 2002**