



**WAYNE TOWNSHIP
CLINTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WAYNE TOWNSHIP
CLINTON 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

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Wayne Township
Clinton County
6350 State Route 729 South
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Clinton 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 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 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, 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 April 15, 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.

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

Jim Petro
Auditor of State

April 15, 2002

This page intentionally left blank.

**WAYNE TOWNSHIP
CLINTON 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$15,626	\$12,020	\$0	\$27,646
Intergovernmental	97,455	65,431	29,254	192,140
Licenses, Permits, and Fees	3,940	0	0	3,940
Earnings on Investments	5,377	257	0	5,634
Other Revenue	9,599	1,850	0	11,449
Total Cash Receipts	<u>131,997</u>	<u>79,558</u>	<u>29,254</u>	<u>240,809</u>
Cash Disbursements:				
Current:				
General Government	43,713	0	0	43,713
Public Works	22,500	81,648	0	104,148
Health	1,586	4,734	0	6,320
Capital Outlay	20,000	2,915	29,254	52,169
Total Cash Disbursements	<u>87,799</u>	<u>89,297</u>	<u>29,254</u>	<u>206,350</u>
Total Receipts Over/(Under) Disbursements	<u>44,198</u>	<u>(9,739)</u>	<u>0</u>	<u>34,459</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	10,000	0	10,000
Transfers-Out	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>(10,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	34,198	261	0	34,459
Fund Cash Balances, January 1	<u>50,088</u>	<u>47,983</u>	<u>0</u>	<u>98,071</u>
Fund Cash Balances, December 31	<u>\$84,286</u>	<u>\$48,244</u>	<u>\$0</u>	<u>\$132,530</u>

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

**WAYNE TOWNSHIP
CLINTON 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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$15,283	\$11,769	\$0	\$27,052
Intergovernmental	30,832	62,234	70,692	163,758
Licenses, Permits, and Fees	4,600	0	0	4,600
Earnings on Investments	3,604	649	0	4,253
Other Revenue	1,504	700	0	2,204
	<u>55,823</u>	<u>75,352</u>	<u>70,692</u>	<u>201,867</u>
Cash Disbursements:				
Current:				
General Government	30,944	0	0	30,944
Public Works	44,854	71,748	0	116,602
Health	2,518	2,555	0	5,073
Capital Outlay	1,038	6,082	70,692	77,812
	<u>79,354</u>	<u>80,385</u>	<u>70,692</u>	<u>230,431</u>
Total Receipts Over/(Under) Disbursements	<u>(23,531)</u>	<u>(5,033)</u>	<u>0</u>	<u>(28,564)</u>
Fund Cash Balances, January 1	<u>73,619</u>	<u>53,016</u>	<u>0</u>	<u>126,635</u>
Fund Cash Balances, December 31	<u>\$50,088</u>	<u>\$47,983</u>	<u>\$0</u>	<u>\$98,071</u>

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

**WAYNE TOWNSHIP
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township, Clinton 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 road and bridge maintenance and cemetery maintenance. The Township contracts with the City of Wilmington and Union Township to provide fire and ambulance services.

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

Jointly Governed Organization

The SRWW # 2 Joint Fire District, is a jointly governed organization, which provides fire protection and rescue services to the Village of Sabina, Richland Township, Wayne Township and Wilson Township. Each of the four political subdivisions appoint one member of the four member board of trustees. This Board owns and operates assets in its own name. The Board has authority to levy taxes and approve its own budget. Funding for operations comes from the participants in the District, charges for services and a tax levy.

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 Deposits

The Township funds are deposited in a "Now" checking account, a CD, and a Corporate Investment Account with a local commercial bank. The Township pools its cash to capture the highest rate of return. Interest income is distributed to Township funds based upon the Ohio statutes.

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.

**WAYNE TOWNSHIP
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair 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. 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 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.

**WAYNE TOWNSHIP
CLINTON COUNTY**

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

2. EQUITY IN POOLED CASH

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

	2001	2000
Demand deposits	\$41,961	\$10,508
Corporate Investment Account	49,290	49,196
Certificate of Deposit	41,279	38,367
Total deposits	\$132,530	\$98,071

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$122,997	\$131,997	\$9,000
Special Revenue	80,295	89,558	9,263
Capital Projects	0	29,254	29,254
Total	\$203,292	\$250,809	\$47,517

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,459	\$97,799	\$1,660
Special Revenue	118,502	89,297	29,205
Capital Projects	0	29,254	(29,254)
Total	\$217,961	\$216,350	\$1,611

**WAYNE TOWNSHIP
CLINTON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,865	\$55,823	\$34,958
Special Revenue	64,498	75,352	10,854
Capital Projects	79,053	70,692	(8,361)
Total	\$164,416	\$201,867	\$37,451

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,450	\$79,354	\$14,096
Special Revenue	105,500	80,385	25,115
Capital Projects	0	70,692	(70,692)
Total	\$198,950	\$230,431	(\$31,481)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the capital projects fund by \$70,692 for the year ended December 31, 2000 and \$29,254 for the year ended December 31, 2001. Also budgetary expenditures exceeded appropriation authority in the road and bridge fund by \$4,797 for the year ended December 31, 2000. Appropriations exceeded estimated revenue in the motor vehicle fund by \$9,219 in 2000.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

**WAYNE TOWNSHIP
CLINTON COUNTY**

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

5. RETIREMENT SYSTEMS

The Township's elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. 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 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 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.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township provides insurance for its elected officials through a private carrier.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Wayne Township
Clinton County
6350 State Route 729 South
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Clinton County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 15, 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 2001-40414-001 through 2001-40414-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 15, 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 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 15, 2002.

Wayne Township
Clinton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

April 15, 2002

**WAYNE TOWNSHIP
CLINTON COUNTY**

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

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

FINDING NUMBER 2001- 40414- 001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. In apparent violation of this section, expenditures exceeded appropriations in the following funds and amounts. Failure to limit expenditures to the amount appropriated could result in expenditure commitments exceeding resources available.

Fund	Expenditures	Appropriations	Variance
2000 Road & Bridge	12,047	7,250	(4,797)
2001 Capital Projects	29,254	0	(29,254)

FINDING NUMBER 2001- 40414- 002

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, states that the total appropriations from each fund should not exceed the total estimated revenue. During 2000, the Township had appropriations that exceeded the total estimated revenue in the following fund and amount. The Board of Trustees should review the amounts certified by the budget commission before making appropriations.

Fund	Appropriations	Estimated Revenue	Variance
Motor Vehicle Fund	16,000	6,781	(9,219)

FINDING NUMBER 2001- 40414- 003

Noncompliance Citation

Ohio Rev. Code Section 9.38 states public money must be deposited with the clerk of the public office or to a designated depository on the next business day following the day of receipt, if the total amount of such moneys received exceeds \$1,000. If the total amount does not exceed \$1,000, the public official has the option of either depositing the money on the next business day following the day of receipt or adopting a policy permitting a different time period. The alternate time period, however, shall not exceed three business days following the day of receipt. Further, the policy must include procedures to safeguard the money until the time of deposit. 17% of receipts tested were not deposited within 24 hours.



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

CLINTON 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
MAY 14, 2002**