



**Auditor of State  
Betty Montgomery**



WAYNE TOWNSHIP  
CLERMONT COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Wayne Township  
Clermont County  
P.O. Box 264  
Newtownsville, Ohio 45158

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. 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 and reserves for encumbrances of the Township, as of December 31, 2002 and 2001, 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 June 30, 2003 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 Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 30, 2003

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$46,479	\$432,154	\$478,633
Intergovernmental	74,153	146,772	220,925
Charges for Services	0	38,242	38,242
Licenses, Permits, and Fees	19,663	24,994	44,657
Earnings on Investments	2,474	1,427	3,901
Other Revenue	1,029	33,718	34,747
 Total Cash Receipts	 143,798	 677,307	 821,105
<b>Cash Disbursements:</b>			
Current:			
General Government	153,606	11,053	164,659
Public Safety	0	376,820	376,820
Public Works	4,007	57,534	61,541
Health	138	42,339	42,477
Debt Service:			
Redemption of Principal	7,140	0	7,140
Interest and Fiscal Charges	2,290	0	2,290
Capital Outlay	0	6,151	6,151
 Total Cash Disbursements	 167,181	 493,897	 661,078
 Total Receipts Over/(Under) Disbursements	 (23,383)	 183,410	 160,027
<b>Other Financing Receipts and (Disbursements):</b>			
Other Sources		17,181	17,181
Other Uses	0	(17,181)	(17,181)
 Total Other Financing Receipts/(Disbursements)	 0	 0	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (23,383)	 183,410	 160,027
 Fund Cash Balances, January 1	 47,391	 168,325	 215,716
 <b>Fund Cash Balances, December 31</b>	 <b>\$24,008</b>	 <b>\$351,735</b>	 <b>\$375,743</b>
 Reserve for Encumbrances, December 31	 \$4,721	 \$12,115	 \$16,836

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

**WAYNE TOWNSHIP  
CLERMONT 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**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$47,117	\$349,766	\$396,883
Intergovernmental	72,018	102,000	174,018
Charges for Services		29,605	29,605
Licenses, Permits, and Fees	16,522	28,149	44,671
Earnings on Investments	9,004	1,135	10,139
Other Revenue	10,715	17,636	28,351
Total Cash Receipts	155,376	528,291	683,667
<b>Cash Disbursements:</b>			
Current:			
General Government	150,538	12,247	162,785
Public Safety		323,435	323,435
Public Works	9,955	160,364	170,319
Health	4,712	33,215	37,927
Capital Outlay	63,110	3,390	66,500
Total Cash Disbursements	228,315	532,651	760,966
Total Receipts Over/(Under) Disbursements	(72,939)	(4,360)	(77,299)
<b>Other Financing Receipts:</b>			
Proceeds from Loan	40,000		40,000
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(32,939)	(4,360)	(37,299)
Fund Cash Balances, January 1 (Restated)	80,330	172,685	253,015
<b>Fund Cash Balances, December 31</b>	<b>\$47,391</b>	<b>\$168,325</b>	<b>\$215,716</b>
Reserve for Encumbrances, December 31	\$416	\$733	\$1,149

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

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wayne Township, Clermont 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Jackson 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.

**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**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and deposits 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:

Fire District Fund

This fund receives local taxes to provide fire protection for the Township.

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**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 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 encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 and 2001 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 DEPOSITS**

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:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$364,676	\$205,716
Certificates of deposit	11,067	10,000
Total deposits	<u>\$375,743</u>	<u>\$215,716</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  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$138,360	\$143,798	\$5,438
Special Revenue	644,085	694,488	50,403
Total	\$782,445	\$838,286	\$55,841

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,301	\$171,902	\$399
Special Revenue	573,951	523,193	50,758
Total	\$746,252	\$695,095	\$51,157

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$194,188	\$195,376	\$1,188
Special Revenue	506,314	528,291	21,977
Total	\$700,502	\$723,667	\$23,165

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$280,466	\$228,731	\$51,735
Special Revenue	641,549	533,384	108,165
Total	\$922,015	\$762,115	\$159,900

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Cemetery Fund by \$14,583, the Fire District Fund by \$38,182, the Zoning Fund by \$2,770, and the FEMA Fund by \$17,181 for the year ended December 31, 2002.

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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.

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
US Bank Commercial Loan	\$32,807	5.25%

The US Bank Commercial Loan was used to purchase additional cemetery land. The original loan amount was \$40,000, dated July 9, 2001, bears 5.25% interest rate, and matures on January and July 9 of each year until final maturity on July 9, 2006.

Amortization of the above debt, including interest, is scheduled as follows:

	US Bank Commercial Loan
Year ending December 31:	
2003	9,200
2004	9,200
2005	9,200
2006	9,200
Total	\$36,800

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio and one elects to contribute into Social Security. OP&F and PERS are cost-sharing, multiple-employer plans. 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 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**8. PRIOR PERIOD ADJUSTMENT**

The Township's General Fund and Special Revenue Funds' beginning balances were restated to account for unposted transactions.

The following adjustments were made to restate beginning balances:

Fund Type	Previously Stated Balance at 12/31/00	Total Adjustments	Restated Balance at January 1, 2001
General	\$ 83,268	(\$ 2,938)	\$ 80,330
Special Revenue	172,701	(16)	172,685

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## **Auditor of State Betty Montgomery**

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

Wayne Township  
Clermont County  
P.O. Box 264  
Newtownsville, Ohio 45158

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Clermont County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 30, 2003. 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 2002-001 through 2002-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 30, 2003.

#### **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 operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Wayne 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 2002-001, 2002-003 and 2002-004.

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 and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe none of the reportable conditions described above are 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 June 30, 2003.

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 30, 2003

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

**FINDING NUMBER 2002-001**

**Finding for Recovery/Reportable Condition**

*State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951), provides that expenditures made by a public entity should serve a proper public purpose. Ohio Revised Code, Section 9.39, states in part, that all public officials are liable for public money received or collected by them and by their subordinates under color of office.

In 2002, purchases were made from Home Depot and Meijer on the Township credit card account and there were missing itemized invoices to support all the charges on the monthly statement. Without itemized statements it was impossible to determine if the expenditures were for proper public purposes. The Township was not able to explain what the charges were for and whether or not the Township actually received the items or services purchased. Additionally, it was not possible to determine from the statements who authorized the expenditures and thus, it was impossible to determine if that person or persons had legal authority to make commitments on behalf of the Township. Despite the lack of documentation, the Trustees approved payment and the Clerk issued a check to pay these bills.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code, Section 117.28, a finding for recovery for the illegal expenditures of public monies is issued against Township Trustees Paul Ritchey, Donald Wilson, and former Clerk Kathryn Fuchs, and the Mariemont Insurance Company, and the Ohio Government Risk Management Plan jointly and severally in the amount of one hundred eight dollars and twenty cents in favor of the Wayne Township Fire Fund.

Additionally, the Township has a charge account to which several individuals had access. This charge account was found to have the following control deficiencies:

- Charge account usage was not monitored effectively.
- Payments were made without the original receipts.
- Late charges were incurred due to balances not being paid in a timely manner.
- Sales tax was included on some purchases.

Without proper monitoring of charge account usage, charges could be incurred that are not properly authorized or charges could be made by individuals who are no longer employees, thus incurring improper liabilities for the Township.

To improve controls over charge account usage, the Township should:

- Create a charge account usage policy, along with limiting the number of employees authorized to make purchases on the account. The list of authorized individuals should be reviewed periodically and any terminated employees removed from the list.
- The policy should specify the limited situations in which the card may be used.
- Monthly charge account balances should be paid timely and in full.
- Original receipts should support and accompany all payments. Invoices should be signed by authorized individual and presented to the Clerk for verification.
- A tax exemption form should be filed with all vendors with whom the Township does business.

**FINDING NUMBER 2002-002**

**Noncompliance Citation**

Ohio Revised Code, Section 5705.41 (B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. The actual disbursements plus outstanding encumbrances exceeded current year appropriations plus prior year carryovers at December 31 of the indicated year for following funds:

<u>Year</u>	<u>Fund</u>	<u>Appropriation</u>	<u>Disbursements + Encumbrances</u>	<u>Variance</u>
2002	2041 Cemetery	\$ 27,210	\$ 41,793	\$ (14,583)
2002	2111 Fire District	309,620	347,802	(38,182)
2002	2181 Zoning	8,283	11,053	(2,770)
2002	2901 FEMA	0	17,181	(17,181)

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

**FINDING NUMBER 2002-003**

**Noncompliance Citation/Reportable Condition**

Ohio Revised Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirement:

- A. Then-and-Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then-and-Now Certificate without affirmation of the Township Board of Trustees, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

The Township did not certify the availability of funds for certain commitments made during 2002 and 2001 and as a result, the Township did not properly encumber funds at December 31, 2002 and 2001. The financial statements were adjusted to reflect the proper accounting for the obligations occurred but not properly encumbered.

**FINDING NUMBER 2002-003  
(Continued)**

Forty-three percent (43%) of the expenditure items tested were paid from any available open purchase order or blanket certificate. Also, the Township used then and now certificates for the majority of expenditures. The Township should limit the use of then and now certificates and implement greater use of purchase orders for each purchase and blanket certificates for general routine purchases in order to effectively monitor the budget and control spending.

Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances. We recommend the Township obtain approved purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

Ohio Revised Code, Section 5705.36, requires the fiscal officer to certify to the County Auditor on or about January 1 the amount available for expenditures in each fund in the budget with year-end balances. Due to not certifying all year end commitments, incorrect amounts were certified to the County Auditor for January 1, 2002 & 2003.

**FINDING NUMBER 2002-004**

**Reportable Condition**

**Monitoring Controls**

An effective monitoring control system has not been implemented to assist management in detecting material misstatements in financial or other information. The Township should develop and implement a monitoring system to reduce the risk of not detecting material misstatements.

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. These controls should address operations, legal, compliance, and financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying cases, and take corrective action.

Monitoring controls may be in the nature of ongoing activities or separate periodic evaluation by either management or an internal audit function. They can relate to a specific transaction cycle or can be more of an overview.

Monitoring controls should assist management in detecting material misstatements in financial or other information and can include:

- Regular review of budget and actual revenue/expenditures;
- Regular review of financial report summaries of sufficient detail (monthly detailed revenue and expenditure reports);
- Review of monthly reconciliations;
- Review of unusual or significant items, long outstanding items, etc.;
- Identification of unusual fluctuations; and
- Ensuring an adequate segregation of duties exist.

The approval of such transactions and reports should be documented in the minute records.

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**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END DECEMBER 31, 2002 AND 2001**

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>
2000-40413-001	ORC Section 5705.39: appropriations exceeded estimated revenues.	No	Reissued in management letter.
2000-40413-002	ORC Section 5705.41(B): expenditures exceeded appropriations.	No	Reissued as Finding 2002-002.
2000-40413-003	OAC Section 117-2-02 C 2: entity did not use encumbrance method of accounting	No	Reissued as citation for ORC Section 5705.41(D) as Finding 2002-003.
2000-40413-003	ORC Section 5705.41(D): fiscal certificates not always present.	No	Reissued as Finding 2002-003.





**Auditor of State  
Betty Montgomery**

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**WAYNE TOWNSHIP**

**CLERMONT 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  
AUGUST 7, 2003**