



**Auditor of State  
Betty Montgomery**



WAYNE TOWNSHIP  
FAYETTE COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Wayne Township  
Fayette County  
3819 Main Street SE  
Washington Court House, Ohio 43160

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Fayette County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. 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.

The Township's financial transactions for the year ended December 31, 2003 were processed using the Auditor of State's Uniform Accounting Network (UAN). Government Auditing Standards considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, Government Auditing Standards permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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, 2003 and 2002, 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 October 14, 2004 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.

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

**Betty Montgomery**  
Auditor of State

October 14, 2004

**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$39,243	\$93,766	\$0	\$133,009
Intergovernmental	20,420	3,834		24,254
Licenses, Permits, and Fees	2,423	1,005		3,428
Earnings on Investments	743			743
Other Revenue	2,648	3,260		5,908
	<u>65,477</u>	<u>101,865</u>	<u>0</u>	<u>167,342</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	68,241			68,241
Public Safety	301	16,656		16,957
Public Works	100	42,035		42,135
Health	17,346			17,346
	<u>85,988</u>	<u>58,691</u>	<u>0</u>	<u>144,679</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Disbursements	<u>(20,511)</u>	<u>43,174</u>	<u>0</u>	<u>22,663</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		5,000		5,000
Transfers-Out	(5,000)			(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(25,511)	48,174	0	22,663
Fund Cash Balances, January 1	<u>93,802</u>	<u>75,622</u>	<u>5,785</u>	<u>175,209</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$68,291</b></u>	<u><b>\$123,796</b></u>	<u><b>\$5,785</b></u>	<u><b>\$197,872</b></u>
Reserve for Encumbrances, December 31	<u><u>\$50,070</u></u>	<u><u>\$100,872</u></u>	<u><u>\$0</u></u>	<u><u>\$150,942</u></u>

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

**WAYNE TOWNSHIP  
FAYETTE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$38,666	\$36,400	\$0	\$75,066
Intergovernmental	46,838	59,116		105,954
Special Assessments		5,321		5,321
Licenses, Permits, and Fees	1,205			1,205
Earnings on Investments	2,303			2,303
Other Revenue	806	3,960		4,766
	<u>89,818</u>	<u>104,797</u>	<u>0</u>	<u>194,615</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	124,664			124,664
Public Safety	301	66		367
Public Works		31,187		31,187
Health	14,519	320		14,839
Miscellaneous	4,987	67,040		72,027
Capital Outlay	838	10,349		11,187
	<u>145,309</u>	<u>108,962</u>	<u>0</u>	<u>254,271</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Disbursements	<u>(55,491)</u>	<u>(4,165)</u>	<u>0</u>	<u>(59,656)</u>
Fund Cash Balances, January 1	<u>149,293</u>	<u>79,787</u>	<u>5,785</u>	<u>234,865</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$93,802</b></u>	<u><b>\$75,622</b></u>	<u><b>\$5,785</b></u>	<u><b>\$175,209</b></u>

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



**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wayne Township, Fayette 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 and fire protection.

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. The Township Clerk did not file a 2002 annual financial report with the Auditor of State as required by Ohio law.

**C. Cash and Investments**

Township funds, except the Trust Fund, are deposited in a "Sweep" checking account with a local commercial bank. The Trust Fund assets are invested in U.S. savings bonds. Investments are included in fund cash balances. 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 and disbursements, respectively. Savings bonds are reported 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:

**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:

*Motor Vehicle License Tax Fund* - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township Roads.

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

**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

*Cemetery Fund* - This fund receives money and fees from the sale of lots, and grave openings and closings for purpose of maintaining, grooming and operating of Township Cemeteries.

*Fire Levy Fund* - This fund receives property tax money for the provision of fire protection.

*Permissive Motor Vehicle License Fund* - This fund receives tax money for maintaining and repairing Township roads.

*Lighting Funds* - These funds receive special assessments levied against specific property owners for the provision of street lighting within the Township.

**3. Fiduciary Fund (Expendable Trust Fund)**

This fund is used to account for resources restricted by legally binding trust agreements. The Township's Expendable Trust Fund is used to account for monies bequeathed to the Township for cemetery care.

**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 encumber all commitments required by Ohio law. However, there were no material undisclosed encumbrances at December 31, 2003 and 2002.

A summary of 2003 and 2002 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  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**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:

	2003	2002
Demand deposits	\$195,872	\$173,209
U.S. Savings Bonds	2,000	2,000
Total deposits and investments	\$197,872	\$175,209

**Deposits:** Deposits up to \$100,000 are insured by the Federal Depository Insurance Corporation. The Township obtained from its depository a statement of required additional pooled collateral for those funds on deposit over and above that covered by federal deposit insurance.

**Investments:** The U.S. Savings Bonds are insured by the U.S. Government and is registered in the Township's name. The carrying amount and market value of investments at December 31, 2003 and 2002 was \$2,000.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**2003 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,915	\$65,477	\$4,562
Special Revenue	103,710	106,865	3,155
Fiduciary	45	0	(45)
Total	\$164,670	\$172,342	\$7,672

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$151,759	\$141,058	\$10,701
Special Revenue	182,290	159,563	22,727
Fiduciary	5,830	0	5,830
Total	\$339,879	\$300,621	\$39,258

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,699	\$89,818	\$30,119
Special Revenue	103,613	104,797	1,184
Fiduciary	45	0	(45)
Total	\$163,357	\$194,615	\$31,258

**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,049	\$145,309	\$60,740
Special Revenue	187,629	108,962	78,667
Fiduciary	5,830	0	5,830
Total	\$399,508	\$254,271	\$145,237

Contrary to Ohio law, appropriations exceeded estimated resources in the General fund by \$5,000 for the year ended December 31, 2003. The Township did not obtain prior certification of the availability of funds from the fiscal officer for all 2002 commitments nor were expenditures properly certified as required by Ohio law. Budgetary expenditures exceeded appropriation authority in the Fire fund by \$9,636 for the year ended December 31, 2002. Also contrary to Ohio law, at December 31, 2002, the Fire fund had a cash deficit balance of \$4,577.

**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 officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. 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 2003 and 2002, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. 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.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, 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 from the General Reinsurance Corporation.

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.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

Financial Position

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

**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>



## **Auditor of State Betty Montgomery**

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

Wayne Township  
Fayette County  
3819 Main Street SE  
Washington Court House, Ohio 43160

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Fayette County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 14, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). Government Auditing Standards considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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* and which are described in the accompanying schedule of findings as items 2003-001 through 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 14, 2004.

#### **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 a matter 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 item 2003-001 through 2001-003.

A material condition is a condition in which the design or operation of one or more of the internal control components does not reduce to 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 over financial reporting that might be material weakness. However, of the reportable conditions described above, we consider the 2003-003 to be a material weakness. We also noted 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 October 14, 2004.

This report is intended solely for the information and use of the audit committee, 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

October 14, 2004



**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Noncompliance Citation/Reportable Condition**

Internal Revenue Code (IRC) Chapter 26 [26 U.S.C.], § 3403, requires employers be liable for payment of the tax deducted and withheld citation to be made. Federal withholdings were withheld in 2003, but were not remitted to the IRS. Federal withholdings were withheld in 2002, but were not completely remitted to the IRS. Failure to properly remit withholdings and properly complete remittance forms could result in the payment of penalties and interest. Every effort should be made by the Township to properly remit payroll amounts withheld and properly complete all applicable remittance forms.

**FINDING NUMBER 2003-002**

**Noncompliance Citation/Reportable Condition**

Ohio Rev. Code, § 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 requirements:

- 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 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 (\$3000 effective 4-7-03), the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Of the expenditures tested, 100% in 2002 did not contain prior certification or a then and now certification of the fiscal officer. Failure to properly certify funds could result in overspending funds. Every effort should be made by the Township to certify the availability of funds and properly utilize the encumbrance method of accounting.

**FINDING NUMBER 2003-003**

**Noncompliance Citation/Material Weakness**

Ohio Admin. Code, § 117-2-02, outlines the accounting system and accounting records that are to be maintained to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Subsection (D) provides that the accounting records should include the following:

**FINDING NUMBER 2003-003  
(Continued)**

- A. A receipts ledger which assembles and classifies receipts into separate accounts and contains the amount, date, name of the payor, purpose, receipt number, and other information required for the transaction.
- While the clerk did maintain a manual receipts ledger during 2002 of the audit period, it was incomplete, inaccurate, and did not reconcile to the cashbook. A detailed receipts ledger containing the complete and accurate listing of all receipts reduces the risk of provides a continuing comparison of budgeted receipts to actual, and facilitates the preparation of financial reports submitted to management and filed with the Auditor of State. A receipts ledger containing all required information should be maintained by the Clerk, and should be reconciled to the Cash Journal and bank balance on at least a monthly basis.
- B. An appropriation ledger which assembles and classifies expenditures into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
- While the clerk did maintain a manual appropriations ledger during 2002 of the audit period, it was incomplete, inaccurate, and did not reconcile to the cashbook. A detailed appropriation ledger containing the complete and accurate listing of all disbursements reduces the risk of provides a continuing comparison of budgeted disbursements to actual, and facilitates the preparation of financial reports submitted to management and filed with the Auditor of State. An appropriation ledger containing all required information should be maintained by the Clerk, and should be reconciled to the Cash Journal and bank balance on at least a monthly basis.

Wayne Township should implement procedures to reasonably assure the completeness, and accuracy of receipt and disbursement postings to the receipts journal and appropriations ledger. A monthly reconciliation of total receipts and disbursements by fund should be made to the respective totals in monthly cash journal. The Township should summarize monthly subtotals in the journals and ledger. The Township should then assure the monthly totals in the ledger agree to the journals, and reconcile the cash journal to the bank statement. The Board of Trustees should periodically review receipt and appropriation ledgers to check that transactions have been properly recorded. Without accurate financial information, the Board cannot make informed decisions regarding the financial status of the Township.

**FINDING NUMBER 2003-004**

**Noncompliance Citation**

Ohio Rev., Code Section 117.38, requires that all cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. Additionally, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The report shall contain the amount of: 1) receipts, and amounts due from each source; 2) expenditures for each purpose; 3) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and 4) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

For the year ending December 31, 2002, the fiscal officer did not prepare or file an annual report with the Auditor of State.

The fiscal officer as required should file with the Auditor of State a complete financial report which has been approved by the Board of Trustees, and should advertise the availability of the report for public inspection.

**WAYNE TOWNSHIP  
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2001-001	Ohio Rev. Code, Section 5705.41 (D) – 100% of expenditures were made without the issuance of a purchase order	No	Re-issued as finding 2003-002
2001-002	Ohio Admin. Code, Section 117-2-02 – receipts and appropriation ledgers did not reconcile with the cashbook. Receipts and expenditures were not being properly classified.	No	Re-issued as finding 2003-003
2001-003	Ohio Rev., Code Section 117.38 – The Clerk did not prepare and file annual financial reports for the years under audit.	No	Re-issued as finding 2003-004
2001-004	Receipts and disbursements are not being completely and accurately recorded to respective ledgers.	No	Re-issued as finding 2003-003





**Auditor of State  
Betty Montgomery**

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**WAYNE TOWNSHIP**

**FAYETTE 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  
NOVEMBER 30, 2004**