



**Auditor of State
Betty Montgomery**

WAYNE TOWNSHIP
ADAMS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
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.....	3
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.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Prior Audit Findings.....	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Wayne Township
Adams County
420 Cross Road
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Adams 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. We believe that our audit provides a reasonable basis for our opinion.

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. 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 an 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, 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 May, 18 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

May 18, 2004

**WAYNE TOWNSHIP
ADAMS 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$46,939	\$32,269	\$0	\$79,208
Intergovernmental	43,014	75,697		118,711
Licenses, Permits, and Fees		290		290
Earnings on Investments	1,324	346		1,670
Other Revenue	5,488	13,980		19,468
	<u>96,765</u>	<u>122,582</u>	<u>0</u>	<u>219,347</u>
Cash Disbursements:				
Current:				
General Government	76,835	69		76,904
Public Safety		23,951		23,951
Public Works		59,325		59,325
Health	3,516	11,855		15,371
Capital Outlay		15,634		15,634
	<u>80,351</u>	<u>110,834</u>	<u>0</u>	<u>191,185</u>
Total Receipts Over Disbursements	<u>16,414</u>	<u>11,748</u>	<u>0</u>	<u>28,162</u>
Other Financing Receipts:				
Proceeds from Sale of Fixed Assets	6,543	760		7,303
	<u>6,543</u>	<u>760</u>	<u>0</u>	<u>7,303</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	22,957	12,508	0	35,465
Fund Cash Balances, January 1	74,817	44,587	200	119,604
Fund Cash Balances, December 31	<u>\$97,774</u>	<u>\$57,095</u>	<u>\$200</u>	<u>\$155,069</u>

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

**WAYNE TOWNSHIP
ADAMS 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$45,114	\$30,864	\$0	\$75,978
Intergovernmental	46,739	63,752		110,491
Charges for Services		1,933		1,933
Licenses, Permits, and Fees		245		245
Earnings on Investments	1,397	440		1,837
Other Revenue	1,277	8,628		9,905
	<u>94,527</u>	<u>105,862</u>	<u>0</u>	<u>200,389</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	63,469	93		63,562
Public Safety		22,193		22,193
Public Works		58,124		58,124
Health	3,390	10,116		13,506
Capital Outlay		4,583		4,583
	<u>66,859</u>	<u>95,109</u>	<u>0</u>	<u>161,968</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>27,668</u>	<u>10,753</u>	<u>0</u>	<u>38,421</u>
Other Financing Receipts:				
Proceeds from Sale of Fixed Assets	2,900	1,850		4,750
	<u>2,900</u>	<u>1,850</u>	<u>0</u>	<u>4,750</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	30,568	12,603	0	43,171
Fund Cash Balances, January 1	44,249	31,984	200	76,433
Fund Cash Balances, December 31	<u><u>\$74,817</u></u>	<u><u>\$44,587</u></u>	<u><u>\$200</u></u>	<u><u>\$119,604</u></u>

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

**WAYNE TOWNSHIP
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wayne Township, Adams 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.

C. Cash and Deposits

The Township maintains all funds in an interest-bearing checking account and a certificate of deposit. 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 Funds:

Gasoline Tax Fund

This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Levy Fund

This fund receives proceeds from a property tax levy for providing fire protection to Township residents.

**WAYNE TOWNSHIP
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds: Cemetery Bequest Fund.

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. As of December 31, 2002 and 2001, there were no material outstanding encumbrances.

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
ADAMS COUNTY**

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$154,869	\$119,404
Certificate of Deposit	200	200
Total Deposits	<u>\$155,069</u>	<u>\$119,604</u>

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

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	\$65,337	\$103,308	\$37,971
Special Revenue	113,482	123,342	9,860
Total	<u>\$178,819</u>	<u>\$226,650</u>	<u>\$47,831</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,612	\$80,351	\$60,261
Special Revenue	131,466	110,834	20,632
Total	<u>\$272,078</u>	<u>\$191,185</u>	<u>\$80,893</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,811	\$97,427	\$20,616
Special Revenue	95,514	107,712	12,198
Total	<u>\$172,325</u>	<u>\$205,139</u>	<u>\$32,814</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,349	\$66,859	\$42,490
Special Revenue	127,444	95,109	32,335
Total	<u>\$236,793</u>	<u>\$161,968</u>	<u>\$74,825</u>

**WAYNE TOWNSHIP
ADAMS COUNTY**

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

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 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. PERS members 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Auto
- General Liability
- Property
- Inland Marine
- Public Officials Liability



Auditor of State Betty Montgomery

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

Wayne Township
Adams County
420 Cross Road
Winchester, Ohio 45697

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 18, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 18, 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. 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 May 18, 2004.

Wayne Township
Adams County
Independent Accountants' Report 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.

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

Betty Montgomery
Auditor of State

May 18, 2004

**WAYNE TOWNSHIP
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
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; Explain:
2001-40401-001	Noncompliance citation of Ohio Rev. Code, Section 5705.41(B), the Township had expenditures in excess of appropriations in the fire fund in 2001.	No	Citation moved to management letter.
2001-40401-002	Noncompliance citation of Ohio Rev. Code, Section 5705.41(D), for not encumbering properly.	Yes	N/A
2001-40401-003	Noncompliance citation of Ohio Rev. Code, Section 505.24, for not paying Trustees' salaries in equal payments.	Yes	N/A

This Page is Intentionally Left Blank.



**Auditor of State
Betty Montgomery**

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

ADAMS 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
JUNE 15, 2004**