



**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



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

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**STATE OF OHIO**



WAYNE TOWNSHIP  
CLERMONT COUNTY

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## 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, 2000 and 1999, as listed in the table of contents. 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 audits 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 audits 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 audits 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, 2000 and 1999, 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 18, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wayne Township  
Clermont County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of 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

October 18, 2001

**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, 2000**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$51,197	\$349,627	\$400,824
Intergovernmental	99,633	77,328	176,961
Charges for Services	0	13,121	13,121
Licenses, Permits, and Fees	0	19,981	19,981
Earnings on Investments	4,762	1,937	6,699
Other Revenue	23,339	43,435	66,774
 Total Cash Receipts	 178,931	 505,429	 684,360
<b>Cash Disbursements:</b>			
Current:			
General Government	141,678	36,580	178,258
Public Safety	0	308,567	308,567
Public Works	5,614	155,059	160,673
Health	4,502	33,033	37,535
Capital Outlay	1,500	3,786	5,286
 Total Cash Disbursements	 153,294	 537,025	 690,319
 Total Receipts Over/(Under) Disbursements	 25,637	 (31,596)	 (5,959)
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	0	5,000	5,000
Advances-Out	(5,000)	0	(5,000)
 Total Other Financing Receipts/(Disbursements)	 (5,000)	 5,000	 0
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 20,637	 (26,596)	 (5,959)
 Fund Cash Balances, January 1	 62,631	 199,297	 261,928
 <b>Fund Cash Balances, December 31</b>	 <b>\$83,268</b>	 <b>\$172,701</b>	 <b>\$255,969</b>
 Reserve for Encumbrances, December 31	 \$7,018	 \$5,042	 \$12,060

*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, 1999**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$42,065	\$340,437	\$382,502
Intergovernmental	95,460	98,961	194,421
Charges for Services	0	15,174	15,174
Licenses, Permits, and Fees	0	23,615	23,615
Earnings on Investments	6,236	815	7,051
Other Revenue	13,243	19,016	32,259
Total Cash Receipts	157,004	498,018	655,022
<b>Cash Disbursements:</b>			
Current:			
General Government	117,418	37,398	154,816
Public Safety	0	195,555	195,555
Public Works	7,000	153,474	160,474
Health	9,032	32,406	41,438
Capital Outlay	1,132	65,817	66,949
Total Cash Disbursements	134,582	484,650	619,232
Total Receipts Over/(Under) Disbursements	22,422	13,368	35,790
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	5,000	5,000	10,000
Advances-Out	(5,000)	(5,000)	(10,000)
Total Other Financing Receipts/(Disbursements)	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,422	13,368	35,790
Fund Cash Balances, January 1	40,209	185,929	226,138
<b>Fund Cash Balances, December 31</b>	<b>\$62,631</b>	<b>\$199,297</b>	<b>\$261,928</b>
Reserve for Encumbrances, December 31	\$74	\$0	\$74

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



**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**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 general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township also contracts with Jackson Township to provide additional 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**

The Township deposits funds into an interest bearing checking account.

**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 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, 2000 AND 1999  
(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, 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 certify the availability of funds for certain commitments.

A summary of 2000 and 1999 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 Townships basis of accounting.

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$255,969</u>	<u>\$261,928</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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$136,581	\$178,931	\$42,350
Special Revenue	<u>461,505</u>	<u>510,429</u>	<u>48,924</u>
Total	<u>\$598,086</u>	<u>\$689,360</u>	<u>\$91,274</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$193,491	\$165,312	\$28,179
Special Revenue	<u>646,914</u>	<u>542,067</u>	<u>104,847</u>
Total	<u>\$840,405</u>	<u>\$707,379</u>	<u>\$133,026</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$114,819	\$157,004	\$42,185
Special Revenue	<u>459,943</u>	<u>498,018</u>	<u>38,075</u>
Total	<u>\$574,762</u>	<u>\$655,022</u>	<u>\$80,260</u>

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$117,835	\$134,656	(\$16,821)
Special Revenue	478,703	484,650	(5,947)
Total	\$596,538	\$619,306	(\$22,768)

Contrary to Ohio law, in calendar year 1999, the General, Motor Vehicle License, Road & Bridge, Zoning and Fire Funds had expenditures that exceeded the approved appropriations by \$16,821 (17%), \$2,431 (17%), \$3,655 (7%), \$1,197 (28%), and \$57,425 (29%) respectively. Also, in calendar year 1999, the Gasoline, Cemetery, and Permissive MVL Funds had approved appropriations that exceeded estimated resources by \$11,608 (23%), \$5,345 (15%) and \$1,682 (4%) respectively.

**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.

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 certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 24% of their wages. PERS members contributed 8.5% of their gross salaries. For 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. PERS reduced the employer rate during 2000. For 2000, the Township contributed an amount equal to 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**WAYNE TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 government 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 coverages, modified for each member's needs. The Plan pays judgement, settlements and other expenses resulting from covered claims that exceed the members's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health and life insurance, dental and disability coverage to full-time employees through a private carrier.

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**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 financial statements of Wayne Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 18, 2001. 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 2000-40413-001 through 2000-40413-003. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated October 18, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-40413-001 through 2000-40413-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, we believe none of the reportable conditions described above is a material weakness. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated October 18, 2001.

This report is intended for the information and use of management and Township Trustees and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

October 18, 2001



WAYNE TOWNSHIP  
CLERMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-40413-001

**Material Noncompliance/Reportable Condition**

**Ohio Rev. Code, Section 5705.39**, states the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

In calendar year 1999, the appropriations exceeded the estimated revenue in the Gasoline, Cemetery, and Permissive MVL Funds by \$11,608 (23%), \$5,345 (15%), and \$1,682 (4%) respectively. We recommend the Board of Trustees periodically review the budgetary actions of the Township and make amendments as needed to avoid appropriations exceeding the estimated resources.

FINDING NUMBER 2000-40413-002

**Material Noncompliance/Reportable Condition**

**Ohio Rev. Code, Section 5705.41(B)** prohibits a Township from making any expenditure of money unless it has been properly appropriated.

In calendar year 1999, the General, Motor Vehicle License, Road & Bridge, Zoning and Fire Funds had expenditures that exceeded the approved appropriations by \$16,821 (17%), \$2,431 (17%), \$3,655 (7%), \$1,197 (28%), and \$57,425 (29%) respectively. We recommend the board of Trustees periodically review the budgetary actions and make amendments as needed to avoid this violation.

FINDING NUMBER 2000-40413-003

**Material Noncompliance/Reportable Condition**

**Ohio Admin. Code, Section 117-2-02 C 2**, provides that all governmental entities shall use the encumbrance method of accounting. The encumbrance method requires that the employees obtain an approved purchase order before making an expenditure of any type, except for emergency situations. We noted that the Township employees did not obtain purchase orders before making purchases for thirty percent (30%) of the transactions tested.

**Ohio Rev. Code, Section 5705.41(D)**, prohibits a subdivision or taxing unit from making any contract or order involving the disbursement 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides an "exception" to the above requirements:

If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of amount due upon such contract within (30) days from the receipt of such certificate, and if the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize it to be paid with such certification, but without affirmation of the Board of Trustees; if such disbursement is otherwise valid.

The Township did not certify the availability of funds for thirty percent (30%) of tested expenditures.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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  
NOVEMBER 8, 2001**