



**Auditor of State  
Betty Montgomery**



WAYNE TOWNSHIP  
MUSKINGUM 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, 2002.....	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, 2001.....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13
Schedule of Prior Audit Findings .....	16

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Wayne Township  
Muskingum County  
5550 Cutler Lake Road  
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Muskingum 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 of Wayne Township, Muskingum County, 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 August 4, 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.

Wayne Township  
Muskingum County  
Independent Accountants' Report  
Page 2

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 § 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

August 4, 2003

**WAYNE TOWNSHIP  
MUSKINGUM 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>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$39,612	\$229,346	\$	\$	\$268,958
Intergovernmental	28,481	100,345			128,826
Charges for Services	14,808				14,808
Licenses, Permits, and Fees		2,775			2,775
Earnings on Investments	12,357	1,132		17	13,506
Other Revenue	3,626	2,829			6,455
	<u>98,884</u>	<u>336,427</u>	<u>0</u>	<u>17</u>	<u>435,328</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	63,733	2,367			66,100
Public Safety	34,414	9,463			43,877
Public Works	26,194	141,160			167,354
Health	800				800
Capital Outlay		19,479			19,479
	<u>125,141</u>	<u>172,469</u>	<u>0</u>	<u>0</u>	<u>297,610</u>
Total Cash Disbursements	<u>125,141</u>	<u>172,469</u>	<u>0</u>	<u>0</u>	<u>297,610</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(26,257)	163,958	0	17	137,718
Fund Cash Balances, January 1	<u>179,124</u>	<u>407,311</u>	<u>57</u>	<u>2,274</u>	<u>588,766</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$152,867</u></u>	<u><u>\$571,269</u></u>	<u><u>\$57</u></u>	<u><u>\$2,291</u></u>	<u><u>\$726,484</u></u>

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

**WAYNE TOWNSHIP  
MUSKINGUM 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, 2001**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$40,828	\$216,799	\$	\$	\$	\$257,627
Intergovernmental	51,798	92,615		52,405		196,818
Charges for Services	15,463					15,463
Licenses, Permits, and Fees		2,700				2,700
Earnings on Investments	28,795	2,026			29	30,850
Other Revenue	540	9,758				10,298
	<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
Total Cash Receipts	137,424	323,898	0	52,405	29	513,756
<b>Cash Disbursements:</b>						
Current:						
General Government	63,759	2,448				66,207
Public Safety	16,600	2,058				18,658
Public Works	29,409	152,146				181,555
Health	620					620
Capital Outlay	35,523	259,716		52,405		347,644
	<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
Total Cash Disbursements	145,911	416,368	0	52,405	0	614,684
Total Cash Receipts Over/(Under) Cash Disbursements	(8,487)	(92,470)	0	0	29	(100,928)
Fund Cash Balances, January 1	187,611	499,781	57		2,245	689,694
	<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$179,124</u></b>	<b><u>\$407,311</u></b>	<b><u>\$57</u></b>	<b><u>\$0</u></b>	<b><u>\$2,274</u></b>	<b><u>\$588,766</u></b>

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



**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Wayne Township, Muskingum County (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, fire protection and emergency medical services. The Township contracts with the Harrison Township EMS to provide emergency medical 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 Investments**

Investments are reported as assets. 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 or disbursements, respectively.

**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:

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads.

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

*Fire District Fund* - This fund receives property tax money for training, equipment, maintenance of equipment, and supplies for the Township Fire Department.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

*Note Retirement Fund* - This fund was established to accumulate resources for, and the payment of, long-term debt principal, interest, and related costs for debt issued by the Township.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

*Issue II Fund* - This fund receives money from the Ohio Public Works Commission for the repair of Township roads.

**5. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. If the trust agreement requires the Township to maintain a corpus of the trust, the fund is classified as a Non-Expendable Trust Fund. The Township had the following significant Fiduciary Fund:

*Mast Cemetery Bequest Fund* - This fund receives interest from principal that is invested in a savings account for the upkeep of the Township cemetery.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

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

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

**E. Budgetary Process (Continued)**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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.

**2. EQUITY IN POOLED CASH**

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

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$726,484</u>	<u>\$588,766</u>

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

**WAYNE TOWNSHIP  
MUSKINGUM 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	\$87,393	\$98,884	\$11,491
Special Revenue	275,250	336,427	61,177
Fiduciary	0	17	17
Total	\$362,643	\$435,328	\$72,685

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$267,393	\$125,141	\$142,252
Special Revenue	682,561	172,469	510,092
Debt Service	57	0	57
Fiduciary	2,274	0	2,274
Total	\$952,285	\$297,610	\$654,675

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,351	\$137,424	\$55,073
Special Revenue	272,743	323,898	51,155
Capital Projects	52,405	52,405	0
Fiduciary	35	29	(6)
Total	\$407,534	\$513,756	\$106,222

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$268,671	\$145,911	\$122,760
Special Revenue	772,524	416,368	356,156
Debt Service	57	0	57
Capital Projects	0	52,405	(52,405)
Fiduciary	2,280	0	2,280
Total	\$1,043,532	\$614,684	\$428,848

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

**Accountability and Compliance**

Contrary to Ohio law, the certification of availability of unencumbered appropriations for expenditure was not obtained for certain expenditures made during 2002 or 2001.

Also contrary to Ohio law, budgetary expenditures exceeded appropriations in the Issue II Fund by \$52,405 for the year ended December 31, 2001.

**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 payments, 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 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 2002 and 2001, 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.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP).

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

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. Claims exceeding \$250,000 are reinsured with APEEP 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 \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed 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 government.

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:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	(9,197,512)	(9,379,003)
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	(1,204,326)	(647,667)
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>



**Auditor of State  
Betty Montgomery**

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

Wayne Township  
Muskingum County  
5550 Cutler Lake Road  
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the accompanying financial statements of Wayne Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 4, 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 August 4, 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 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 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 conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions that are disclosed above as findings 2002-001 and 2002-004 to be material weaknesses. We also noted another 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 August 4, 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.



**Betty Montgomery**  
Auditor of State

August 4, 2003



**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

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

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

**FINDING NUMBER 2002-001**

**Noncompliance Citation and Material Weakness**

Ohio Rev. Code § 5705.40 states, in part, that a subdivision may amend or supplement its appropriation measure provided the entity complies with the same provisions of the law as are used in making the original appropriation.

The Township Clerk posted multiple appropriation amendments throughout the audit period. However, these amendments were neither approved by the Board of Trustees in the minutes, nor certified to the County Auditor. The following compares approved appropriations to those posted to the accounting system:

Fiscal Year	Fund	Appropriations Posted to the Accounting System	Approved Appropriations	Approved Appropriations over/(under) Appropriations Posted
2002	1000-230-360	\$14,000	\$7,000	(\$7,000)
2002	1000-760-720	7,124	15,000	7,876
2002	2111-220-420	15,000	5,000	(10,000)
2002	2111-760-740	161,500	171,500	10,000
2002	3101-920-920	0	57	57
2001	1000-120-353	7,000	5,000	(2,000)
2001	1000-330-160	8,000	10,000	2,000
2001	1000-760-730	892	1,000	108
2001	2031-330-211	10,000	5,000	(5,000)
2001	2031-330-360	70,000	75,000	5,000
2001	4401-760-360	52,405	0	(52,405)

We recommend Township management review budgetary procedures for amending appropriations, document the Board approval of all appropriations amendments in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Clerk should post these amendments only after the required approvals have been obtained. The accompanying budgetary presentation includes only appropriations approved by the Board.

The Clerk should refer to Auditor of State Bulletin 2002-004 recommended budget practices for Issue II funds (Fund 4401-760-360).

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2002-002**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

During the year ended December 31, 2001, the following Township fund had expenditures which exceeded appropriations:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
Issue II Fund	\$0	\$52,405	(\$52,405)

The Clerk should refer to Auditor of State Bulletin 2002-004 recommended budget practices for Issue II funds (Fund 4401-760-360).

In addition, although total fund budgetary expenditures did not exceed appropriations, in the General and Fire Funds during 2002 and in the Road and Bridge Fund during 2001, expenditures exceeded appropriations at the legal level of control for certain accounts within these funds, contrary to Ohio law. The practice of allowing expenditures to exceed appropriations could result in deficit spending within these funds.

The Township Clerk should deny payment requests exceeding appropriations, as required by Ohio Rev. Code Section 5705.41(D). We recommend the Township Clerk and Board of Trustees compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, then the Board should take the necessary steps to adopt additional appropriations or reduce expenditures to prevent expenditures from exceeding appropriations.

**FINDING NUMBER 2002-003**

**Noncompliance Citation and Reportable Condition**

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision (Township Clerk) that the amount required to meet the same 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 two "exceptions" to the above requirements:

**WAYNE TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

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

**Noncompliance Citation and Reportable Condition (Continued)**

**Ohio Rev. Code § 5705.41(D) (Continued)**

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time the certification is being completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Board of Trustees) may authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the Township.
  
- B. If the amount involved is less than one thousand dollars (which was increased to \$3,000 on April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees, upon completion of the then and now certificate, provided that the expenditure is otherwise valid.

The Township Clerk's prior certification of the availability of funds was not obtained for 33% of the expenditures tested. These commitments were not subsequently certified with a "then and now certificate" or approved by the Board of Trustees within the aforementioned 30 day time period.

We recommend liabilities, contracts and open purchase commitments be certified by the Clerk prior to incurring any obligations on behalf of the Township.

**FINDING NUMBER 2002-004**

**Material Weakness**

The Township did not properly post the budgeted receipts to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system throughout the year. The following details these variances:

Fiscal Year	Fund	Budgeted Receipts Posted to the Accounting System	Budgeted Receipts Certified to County Auditor	Budgeted Receipts over/(under) Budgeted Receipts Certified
2002	General	\$88,269	\$87,393	(\$876)
2001	General	82,460	82,351	(109)
2001	Issue II	0	52,405	52,405

Because the information entered into the accounting system was inaccurate, Township management was unable to effectively monitor budgetary activity throughout the year.

We recommend the Clerk record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto. The accompanying budgetary presentation includes only budgeted receipts certified to the County Auditor.

WAYNE TOWNSHIP  
MUSKINGUM COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
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>Explain:</b>
2000-41060-001	Revised Code 5705.41 (B), expenditures exceeding appropriations	No	Not Corrected – Will be repeated in the current audit as Finding Number 2002-002



**Auditor of State  
Betty Montgomery**

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**WAYNE TOWNSHIP**

**MUSKINGUM 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  
SEPTEMBER 30, 2003**