

WAYNE TOWNSHIP  
WAYNE COUNTY

AUDITED FINANCIAL STATEMENTS AND  
AUDITORS' REPORT

FOR THE YEARS ENDED  
DECEMBER 31, 2003 AND 2002





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Wayne Township, Wayne County  
7859 North Geyers Chapel Road  
Smithville, Ohio 44677

We have reviewed the Independent Auditor's Report of Wayne Township, Wayne County, prepared by Nagel, Weigand & Company, LLC, for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Wayne Township is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 16, 2004

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WAYNE TOWNSHIP  
WAYNE COUNTY

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# Nagel, Weigand & Company, LLC

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Wayne Township  
Smithville, Ohio 44677

We have audited the accompanying financial statements of Wayne Township, as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of Wayne 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 cash balances of the Township, as of December 31, 2003 and 2002 and the related revenues and expenditures for the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 3, 2004 on our consideration of Wayne 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 in 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 officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

August 3, 2004

*Nagel, Weigand & Company, LLC*

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

	GOVERNMENTAL FUND TYPES		TOTALS
	GENERAL	SPECIAL REVENUE	(MEMO- RANDOM ONLY)
<b><u>CASH RECEIPTS:</u></b>			
Property and Other Local Taxes	\$ 80,203	\$ 145,824	\$ 226,027
Estate Taxes	43,644	-	43,644
Intergovernmental Receipts	64,748	95,363	160,111
Earnings on Investments	1,595	227	1,822
Miscellaneous	13,400	3,689	17,089
<b>Total Cash Receipts</b>	<b>203,590</b>	<b>245,103</b>	<b>448,693</b>
<b><u>CASH DISBURSEMENTS:</u></b>			
Current:			
General Government	126,129	174,312	300,441
Public Works	84,526	-	84,526
Health	19,379	-	19,379
Capital Outlay	-	7,297	7,297
Other	1,457	-	1,457
<b>Total Cash Disbursements</b>	<b>231,491</b>	<b>181,609</b>	<b>413,100</b>
Cash Receipts Over (Under) Cash Disbursements	(27,901)	63,494	35,593
Fund Cash Balance - January 1, 2003	232,834	85,968	318,802
Fund Cash Balance - December 31, 2003	<b>\$ 204,933</b>	<b>\$ 149,462</b>	<b>\$ 354,395</b>

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

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

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMO- RANDOM ONLY)</u>
<b><u>CASH RECEIPTS:</u></b>			
Property and Other Local Taxes	\$ 69,146	\$ 125,720	\$ 194,866
Estate Taxes	215,204	-	215,204
Intergovernmental Receipts	63,874	91,608	155,482
Earnings on Investments	3,525	365	3,890
Miscellaneous	3,094	4,684	7,778
	<hr/>		
Total Cash Receipts	354,843	222,377	577,220
<hr/>			
<b><u>CASH DISBURSEMENTS:</u></b>			
Current:			
General Government	102,317	-	102,317
Public Safety	71,646	-	71,646
Public Works	57,772	237,866	295,638
Health	18,263	-	18,263
Capital Outlay	70,000	1,079	71,079
	<hr/>		
Total Cash Disbursements	319,998	238,945	558,943
	<hr/>		
Cash Receipts Over (Under) Cash Disbursements	34,845	(16,568)	18,277
	<hr/>		
Fund Cash Balance - January 1, 2002	197,989	102,536	300,525
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Fund Cash Balance - December 31, 2002	\$ 232,834	\$ 85,968	\$ 318,802
	<hr/>		

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



WAYNE TOWNSHIP  
WAYNE COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Wayne Township, Wayne County, Ohio, (the Township) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township Board of Trustees is composed of three members who are elected by the public. The Village provides general government services, including road and bridge maintenance. The Township contracted with the Village of Smithville, the City of Wooster, and Wooster Township for fire and emergency services during 2002. In 2003, the Township became a part of the Central Fire District for these services (See Note 7).

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

Wayne Township prepares its financial statements on a basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Township under the basis of accounting used. This method of accounting is utilized in reporting to the State of Ohio but is not in accordance with generally accepted accounting principles. By virtue of Ohio law, the Township is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds.

WAYNE TOWNSHIP  
WAYNE COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. CASH AND INVESTMENTS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the need of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes. The Township has the following significant Special Revenue Funds:

*Road and Bridge Fund* – This fund tax money for maintaining and repairing Township roads and equipment.

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

WAYNE TOWNSHIP  
WAYNE COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS

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

1. Estimated Resources

The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Village receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2003, unencumbered fund balances. However, those fund balances are available for appropriations.

2. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. A summary of 2003 and 2002 budgetary activity appears in Note 3.

WAYNE TOWNSHIP  
WAYNE COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. PROPERTY, PLANT, AND EQUIPMENT

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

H. ACCUMULATED SICK LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused sick leave. Unpaid sick leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN CASH AND CASH EQUIVALENT INVESTMENTS

The Township maintains a cash and investment 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:

	<u>2003</u>	<u>2002</u>
Demand Deposits	\$ 354,395	\$ 318,802

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

WAYNE TOWNSHIP  
WAYNE COUNTY

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

3. BUDGETARY ACTIVITY

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

**2003 Budgeted vs. Actual Receipts:**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 271,038	\$203,590	\$ (67,448)
Special Revenue	<u>228,025</u>	<u>245,103</u>	<u>17,078</u>
Total	<u>\$ 499,063</u>	<u>\$ 448,693</u>	<u>\$ (50,370)</u>

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

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 496,200	\$231,491	\$264,709
Special Revenue	<u>313,000</u>	<u>181,609</u>	<u>131,391</u>
Total	<u>\$ 809,200</u>	<u>\$ 413,100</u>	<u>\$ 396,100</u>

**2002 Budgeted vs. Actual Receipts:**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 225,083	\$ 354,843	\$129,760
Special Revenue	<u>230,050</u>	<u>222,377</u>	<u>(7,673)</u>
Total	<u>\$ 455,133</u>	<u>\$ 577,220</u>	<u>\$ 122,087</u>

WAYNE TOWNSHIP  
WAYNE COUNTY

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

3. BUDGETARY ACTIVITY (Continued)

**2002 Budgeted vs. Actual Budgetary Basis Expenditures:**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 422,534	\$ 319,998	\$ 102,536
Special Revenue	<u>330,500</u>	<u>238,945</u>	<u>91,555</u>
Total	<u>\$ 753,034</u>	<u>\$ 558,943</u>	<u>\$ 194,091</u>

4. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2002 for Wayne County.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The Wayne County Treasurer collects property tax on behalf of all taxing districts within the county and periodically remits to the taxing districts their portions of the taxes collected.

WAYNE TOWNSHIP  
WAYNE COUNTY

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

5. RETIREMENT SYSTEM

Most of the Township's employees and officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

Effectively July 1, 1991, all employees not otherwise covered by OPERS had the option to choose Social Security or PERS. At December 31, 2003, two members of the Board of Trustees had elected Social Security. The Board's liability is 6.2% of wages paid.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, for each member's need. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

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 that vary from member to member.

The Township also provides health insurance coverage to full-time employees through the Wayne County Employees Benefit Plan.

WAYNE TOWNSHIP  
WAYNE COUNTY

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

7. CENTRAL FIRE DISTRICT

In 2003, Wayne Township, Green Township and the Village of Smithville formed the Central Fire District (the District). The District is completely funded by an operating levy approved by the voters within the District. A Board of Trustees consisting of three members directs the District. One Board Member is appointed by each political subdivision within the District. The District is not accumulating significant financial resources or experiencing fiscal stress that would cause additional financial benefit or burden to the Township.



# **Nagel, Weigand & Company, LLC**

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Wayne Township  
Smithville, Ohio 44677

We have audited the financial statements of Wayne Township as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 3, 2004. 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 determined 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.

### **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 assurances 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 control over financial reporting and its operations that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated August 3, 2004.

**Wayne Township**  
**Wayne County**

This report is intended for the information and use of the audit committee, management, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

August 3, 2004

*Nagel, Weigand & Company, LLC*

WAYNE TOWNSHIP  
WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2003 AND 2002

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Wayne Township.
2. No reportable conditions were disclosed during the audit of the Township's financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

WAYNE TOWNSHIP  
WAYNE COUNTY

GENERAL COMMENTS  
DECEMBER 31, 2003 AND 2002

This report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on August 3, 2004:

Judy A. Buss

John A. Buss

Clerk

Trustee President

These officials were informed that they had five working days from the date of the post audit conference to respond to, or contest, in writing, the report contents. No such response was received.

Township personnel were cooperative and available for questions and assistance during regular working hours.



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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**WAYNE TOWNSHIP**

**WAYNE 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 28, 2004**