

WAYNE TOWNSHIP

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Wayne Township
9599 Walnut Creek Bottom Road NW
Dundee, Ohio 44624

We have reviewed the Independent Auditor's Report of Wayne Township, Tuscarawas County, prepared by Gary B. Fink & Associates, Inc., 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

July 9, 2004

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**WAYNE TOWNSHIP
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

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WAYNE TOWNSHIP

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2003**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Ronald Zahner	Trustee	01/01/02-12/31/05	(A)	\$1,000	01/01/02-12/31/05
Fred Snyder	Trustee	01/01/02-12/31/05	(A)	\$1,000	01/01/02-12/31/05
Quentin W. Schwartz	Trustee	01/01/00-12/31/03	(B)	\$1,000	01/01/00-12/31/03
Susan M. Stein	Clerk	04/01/00-03/31/04	(B)	\$3,000	04/01/00-03/31/04

(A) Ohio Farmers Insurance Company

(B) Personal Service Insurance Company

STATUTORY LEGAL COUNSEL

Mr. Michael A. Cochran
Assistant Prosecuting Attorney
125 East High Street
New Philadelphia, OH 44663

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Wayne Township, Tuscarawas County
9599 Walnut Creek Bottom Road, NW
Dundee, OH 44624

We have audited the accompanying financial statements of Wayne Township, Tuscarawas County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, 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 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 described 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Wayne Township as of December 31, 2003 and December 31, 2002, and its 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 April 26, 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 and contracts. 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

April 26, 2004

**Wayne Township
 Combined Statement of Cash Receipts, Cash Disbursements and
 Changes in Fund Cash Balances - All Governmental Fund Types
 For the Year Ended December 31, 2003**

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Local Taxes	\$24,970	\$135,674	\$160,644
Licenses, Permits and Fees	0	850	850
Intergovernmental	51,366	85,005	136,371
Interest	1,668	345	2,013
Other	53	1,250	1,303
Total Cash Receipts	78,057	223,124	301,181
Cash Disbursements			
General Government	79,574	20,432	100,006
Public Safety	0	182,410	182,410
Public Works	3,312	200	3,512
Health	6,432	4,265	10,697
Capital Outlay	100	0	100
Total Cash Disbursements	89,418	207,307	296,725
Total Receipts Over/(Under) Disbursements	(11,361)	15,817	4,456
Fund Cash Balances, January 1, 2003	217,634	181,238	398,872
Fund Cash Balances, December 31, 2003	\$206,273	\$197,055	\$403,328

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

Wayne Township
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2002

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Local Taxes	\$26,291	\$145,754	\$172,045
Licenses, Permits and Fees	0	2,450	2,450
Intergovernmental	34,234	77,052	111,286
Interest	2,459	466	2,925
Other	1,022	8,642	9,664
Total Cash Receipts	64,006	234,364	298,370
Cash Disbursements			
General Government	75,899	20,525	96,424
Public Safety	0	102,414	102,414
Public Works	3,312	550	3,862
Health	4,070	74,280	78,350
Capital Outlay	475	0	475
Total Cash Disbursements	83,756	197,769	281,525
Total Receipts Over (Under) Disbursements	(19,750)	36,595	16,845
Fund Cash Balances, January 1, 2002	237,384	144,643	382,027
Fund Cash Balances, December 31, 2002	<u>\$217,634</u>	<u>\$181,238</u>	<u>\$398,872</u>

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

WAYNE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Wayne Township, (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. The Township provides general governmental services, including road and cemetery maintenance. The Township collects a 2.7 mil levy for the Wayne Volunteer Fire Department to provide fire protection to the residents of the Township.

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 (ie., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. 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:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds - These funds are used to account for proceeds from specific sources (other than from capital projects) that are legally restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Fund - This fund receives motor vehicle taxes for constructing, maintaining and repairing Township roads.

WAYNE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

Gasoline Tax Fund - This fund receives gasoline taxes for maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives gasoline and property taxes for constructing, maintaining and repairing Township roads.

Fire District Fund - This fund receives property taxes to provide fire and ambulance service to the Township.

D. Budgetary Process

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

Appropriations - Budgetary expenditures (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.

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.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. 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.

The Township maintains a cash and cash equivalents pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

WAYNE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

Deposits

The carrying amount of the Township's deposits at December 31, 2003 was \$144,244 and at December 31, 2002 was \$138,956. Demand deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments

The Township's investments at December 31, 2003 and December 31, 2002 were overnight repurchase agreements for \$259,084 and \$259,916 respectively. These investments are uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Township's name.

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 was as follows:

2003 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$81,751	\$78,057	(\$3,694)
Special Revenue	217,555	223,124	5,569
Total	<u>\$299,306</u>	<u>\$301,181</u>	<u>\$1,875</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$299,386	\$89,418	\$209,968
Special Revenue	398,793	207,307	191,486
Total	<u>\$698,179</u>	<u>\$296,725</u>	<u>\$401,454</u>

WAYNE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY** (continued)

2002 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,990	\$64,006	\$3,016
Special Revenue	215,130	234,364	19,234
Total	<u>\$276,120</u>	<u>\$298,370</u>	<u>\$22,250</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$298,375	\$83,756	\$214,619
Special Revenue	359,772	197,769	162,003
Total	<u>\$658,147</u>	<u>\$281,525</u>	<u>\$376,622</u>

4. **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

Public utilities are also taxed on personal property located within the Township.

Tangible personal property tax is assessed to 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.

WAYNE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

5. **RETIREMENT SYSTEMS**

Employees belong to the Public Employees Retirement System (PERS) of Ohio, PERS is a cost-sharing, multiple-employer defined pension plan. This plan provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to: 277 East Town Street, Columbus, Ohio 43215 or by calling (614)466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. For 2003 and 2002, the Township contributed an amount equal to 13.55% of participants' gross salaries.

6. **RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. By maintaining comprehensive insurance coverage with private carriers, the Township has addressed these various types of risk.

**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, Tuscarawas County
9599 Walnut Creek Bottom Road, NW
Dundee, OH 44624

We have audited the financial statements of Wayne Township, Tuscarawas County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated April 26, 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 and contracts, 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 an immaterial instance of noncompliance that we have reported to Management of the Township in a separate letter dated April 26, 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 operations that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that we have reported to Management of the Township in a separate letter dated April 26, 2004.

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

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

April 26, 2004

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**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

TUSCARAWAS 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
JULY 27, 2004**