



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

---

**STATE OF OHIO**



**MILL TOWNSHIP**  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Mill Township  
Tuscarawas County  
P.O. Box 423  
Uhrichsville, Ohio 44683

To the Board of Trustees:

We have audited the accompanying financial statements of Mill Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 provide 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, 1999 and 1998, 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 July 11, 2000 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.

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, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

July 11, 2000

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MILL TOWNSHIP  
TUSCARAWAS 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**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$93,612	\$78,979		\$172,591
Intergovernmental	60,523	64,987		125,510
Interest	3,834	1,847		5,681
Other		993		993
<b>Total Cash Receipts</b>	<u>157,969</u>	<u>146,806</u>	<u>0</u>	<u>304,775</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	89,585	754		90,339
Public Safety	13,460			13,460
Public Works		130,073		130,073
Health	1,650			1,650
Debt Service:				
Redemption of Principal	46,056			46,056
Interest and Fiscal Charges	8,049			8,049
<b>Total Cash Disbursements</b>	<u>158,800</u>	<u>130,827</u>	<u>0</u>	<u>289,627</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(831)</u>	<u>15,979</u>	<u>0</u>	<u>15,148</u>
<b>Other Financing Receipts</b>				
Other Sources	<u>1,719</u>			<u>1,719</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	888	15,979	0	16,867
<b>Fund Cash Balances, January 1</b>	<u>212,014</u>	<u>207,138</u>	<u>4,926</u>	<u>424,078</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$212,902</b></u>	<u><b>\$223,117</b></u>	<u><b>\$4,926</b></u>	<u><b>\$440,945</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

MILL TOWNSHIP  
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>			
Interest	\$19	\$0	\$19
Total Operating Cash Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Operating Income	19	0	19
Fund Cash Balances, January 1	<u>676</u>	<u>200</u>	<u>876</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$695</u></b>	<b><u>\$200</u></b>	<b><u>\$895</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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



MILL TOWNSHIP  
TUSCARAWAS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$95,993	\$82,155		\$178,148
Intergovernmental	104,099	74,101		178,200
Charges for Services	33			33
Interest	5,274	2,518		7,792
Other		843		843
	<u>205,399</u>	<u>159,617</u>	<u>0</u>	<u>365,016</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	93,439	831		94,270
Public Safety	25,299			25,299
Public Works		130,590		130,590
Health	1,755			1,755
Debt Service:				
Redemption of Principal	44,856			44,856
Interest and Fiscal Charges	323			323
Capital Outlay	145,258	10,400		155,658
	<u>310,930</u>	<u>141,821</u>	<u>0</u>	<u>452,751</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(105,531)</u>	<u>17,796</u>	<u>0</u>	<u>(87,735)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Notes	156,215			156,215
Other Sources	8,395			8,395
	<u>164,610</u>	<u>0</u>	<u>0</u>	<u>164,610</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	59,079	17,796	0	76,875
Fund Cash Balances, January 1	<u>152,935</u>	<u>189,342</u>	<u>4,926</u>	<u>347,203</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$212,014</b></u>	<u><b>\$207,138</b></u>	<u><b>\$4,926</b></u>	<u><b>\$424,078</b></u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

MILL TOWNSHIP  
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>			
Interest	\$28		\$28
Other		\$150	150
	28	150	178
Total Operating Cash Receipts	28	150	178
Total Operating Cash Disbursements	0	0	0
Operating Income	28	150	178
Fund Cash Balances, January 1	648	50	698
<b>Fund Cash Balances, December 31</b>	<b>\$676</b>	<b>\$200</b>	<b>\$876</b>
Reserves for Encumbrances, December 31	\$0	\$0	\$0

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

**MILL TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mill Township, Tuscarawas 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 general governmental services, including road and bridge maintenance. The Township contracts with the City of Uhrichsville to provide fire services and Smith Ambulance, to provide 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 Investments**

The Township maintains all cash in a checking account and a passbook savings account.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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:

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

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

**MILL TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

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

**D. Fund Accounting (Continued)**

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

Motor Vehicle License Tax - This fund receives state motor vehicle license tax money for constructing, repairing, and maintaining Township roads and bridges.

**3. Debt Service Fund**

The Debt Service fund is used to accumulate resources for the payment of loans. The Township had the following significant Debt Service Fund:

Note Retirement - This fund receives tax revenue to retire the debt associated with the purchase of a fire truck.

**4. Fiduciary Funds (Trust and Agency Funds)**

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

Cemetery Bequest Fund - This Nonexpendable Trust Fund is used to record the donations from individuals and the interest received from the related passbook saving account.

Agency Fund - This Agency Fund is used to account for driveway and open road permits.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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. 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.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**MILL TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

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

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as (capital outlay) 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>1999</u>	<u>1998</u>
Demand Deposits	\$441,840	\$424,954

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,302	\$159,688	(\$12,614)
Special Revenue	146,947	146,806	(141)
Debt Service			0
Fiduciary	85	19	(66)
Total	<u>\$319,334</u>	<u>\$306,513</u>	<u>(\$12,821)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$195,425	\$158,800	\$36,625
Special Revenue	204,000	130,827	73,173
Debt Service			0
Fiduciary	883	883	883
Total	<u>\$400,308</u>	<u>\$289,627</u>	<u>\$110,681</u>

**MILL TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**3. BUDGETARY ACTIVITY** (Continued)

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$199,658	\$370,009	\$170,351
Special Revenue	133,532	159,617	26,085
Debt Service			0
Fiduciary	35	178	143
Total	<u>\$333,225</u>	<u>\$529,804</u>	<u>\$196,579</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$358,969	\$310,930	\$48,039
Special Revenue	220,500	141,821	78,679
Debt Service			0
Fiduciary	733		733
Total	<u>\$580,202</u>	<u>\$452,751</u>	<u>\$127,451</u>

**4. NONCOMPLIANCE**

The Township honored certain contracts and orders without certifying the availability of funds, rather than declaring them null and void, contrary to Ohio Rev. Code Section 5705.41 (D).

The Township also did not post encumbrances to the Appropriation Ledger at the time the purchase order was initiated, contrary to Ohio Admin. Code Section 117-3-11(C).

**5. 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.

**MILL TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**6. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Building Loan	\$42,000	0%
Equipment Loan - Fire Truck	78,112	5%
	<u>\$120,112</u>	

The Township obtained a loan from the Tuscarawas County Commissioners for the purchase of a building. The loan will be repaid in annual installments of \$7,000 without interest over 7 years.

The Township also obtained an equipment loan from a bank for the purpose of purchasing a fire truck for use by the Fire Department. This loan will be repaid in annual installments of \$39,056, with 5% interest, over 2 years.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Building Loan	Fire Truck Loan
2000	\$7,000	\$43,423
2001	7,000	41,237
2002	7,000	
2003	7,000	
2004	7,000	
Subsequent	7,000	
Total	<u>\$42,000</u>	<u>\$84,660</u>

**7. RETIREMENT SYSTEM**

Full-time 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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**8. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

Mill Township  
Tuscarawas County  
P.O. Box 423  
Uhrichsville, Ohio 44683

To the Board of Trustees:

We have audited the accompanying financial statements of Mill Township, Tuscarawas County, Ohio (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 11, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 1999-41279-001 and 002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 11, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 11, 2000.

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

July 11, 2000

**MILL TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-41279-001**

**Ohio Rev. Code Section 5705.41(D)**, states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Further, contracts and other orders for expenditure lacking prior certification should be null and void and no warrant shall be issued in payment of any amount due thereon. This Section also provides for two "exceptions" to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
  
- B. If the amount involved is less than \$1,000, the Clerk-Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

The Township's fiscal officer failed to certify the availability of funds for 77% of transactions tested in 1999 and 67% of transactions tested in 1998, respectively. Neither of the two exceptions noted above (A. or B.) were utilized.

**FINDING NUMBER 1999-41279-002**

**Ohio Admin. Code Section 117-3-11 (C)** requires each encumbrance be charged against an appropriation balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order.

The Township did not post encumbrances in the Appropriation Ledger until payment of the invoice was made. To accurately reflect the unencumbered appropriation balances that are available for expenditure, the Township should post encumbrances to the Appropriation Ledger at the time the purchase order is initiated.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**MILL 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  
AUGUST 22, 2000**