



**OHIO TOWNSHIP
GALLIA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**OHIO TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Ohio Township
Gallia County
14038 Hannan Trace Road
Crown City, Ohio 45623

To the Board of Trustees:

We have audited the accompanying financial statements of Ohio Township, Gallia 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 audit.

We conducted our audit 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 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 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 Ohio Township, Gallia County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and cash 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 a report dated June 13, 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 and 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 these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 13, 2000

**OHIO TOWNSHIP
 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$6,670	\$6,166	\$12,836
Intergovernmental Receipts	8,877	60,793	69,670
Fines, Licenses, and Permits	145		145
Earnings on Investments	142	280	422
Reimbursements	13,750		13,750
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	29,584	67,239	96,823
Cash Disbursements:			
Current:			
General Government	8,475		8,475
Public Safety		6,702	6,702
Public Works		51,113	51,113
Capital Outlay	19,429		19,429
Debt Service:			
Principal Payments	5,000	1,400	6,400
Interest Payments	112		112
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	33,016	59,215	92,231
Total Receipts Over/(Under) Disbursements	<hr/> (3,432)	<hr/> 8,024	<hr/> 4,592
Fund Cash Balances, January 1	<hr/> 1,849	<hr/> 17,562	<hr/> 19,411
Fund Cash Balances, December 31	<u>(\$1,583)</u>	<u>\$25,586</u>	<u>\$24,003</u>

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

**OHIO TOWNSHIP
 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$6,090	\$12,826	\$18,916
Intergovernmental Receipts	7,724	50,787	58,511
Fines, Licenses, and Permits	145		145
Earnings on Investments	248	460	708
	<u>14,207</u>	<u>64,073</u>	<u>78,280</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	14,538		14,538
Public Safety		5,179	5,179
Public Works		63,567	63,567
Transportation		2,112	2,112
Capital Outlay	18,500		18,500
Debt Service			
Principal Payments	8,500		8,500
Interest Payments	536		536
	<u>42,074</u>	<u>70,858</u>	<u>112,932</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(27,867)</u>	<u>(6,785)</u>	<u>(34,652)</u>
Other Financing Sources:			
Sale of Assets	1,409		1,409
Proceeds of Notes	13,500		13,500
	<u>14,909</u>		<u>14,909</u>
Total Other Financing Sources			
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	(12,958)	(6,785)	(19,743)
Fund Cash Balances, January 1	<u>14,807</u>	<u>24,347</u>	<u>39,154</u>
Fund Cash Balances, December 31	<u>\$1,849</u>	<u>\$17,562</u>	<u>\$19,411</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Township, Gallia 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 and a publicly-elected Clerk. The Township provides general governmental services including maintenance of Township roads and fire protection.

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 a payment is made rather than when a liability is incurred.

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

C. Cash and Investments

The Township's cash amounts are valued at cost.

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 by law or contract to be restricted.

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 Fund:

Gasoline Tax Fund - This fund received gasoline tax money for maintaining Township roads.

**OHIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Township 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 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.

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>1999</u>	<u>1998</u>
Demand Deposits	<u>\$24,003</u>	<u>\$19,411</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**OHIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,280	\$29,584	(\$696)
Special Revenue	<u>70,125</u>	<u>67,239</u>	<u>(2,886)</u>
Total	<u><u>\$100,405</u></u>	<u><u>\$96,823</u></u>	<u><u>(\$3,582)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,300	\$33,016	(\$14,716)
Special Revenue	<u>70,200</u>	<u>59,215</u>	<u>10,985</u>
Total	<u><u>\$88,500</u></u>	<u><u>\$92,231</u></u>	<u><u>(\$3,731)</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,762	\$29,116	\$354
Special Revenue	<u>62,080</u>	<u>64,073</u>	<u>1,993</u>
Total	<u><u>\$90,842</u></u>	<u><u>\$93,189</u></u>	<u><u>\$2,347</u></u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$43,500	\$42,074	\$1,426
Special Revenue	<u>74,700</u>	<u>70,858</u>	<u>3,842</u>
Total	<u><u>\$118,200</u></u>	<u><u>\$112,932</u></u>	<u><u>\$5,268</u></u>

The Township had expenditures exceeding appropriations and the Township did not properly encumber funds prior to incurring expenditures.

**OHIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Loan	\$ 9,788	0.00%

The General Obligation Loan relates to the Fire Truck joint contract with two other Townships. A loan agreement was signed with two other Townships for \$11,187 each, due in annual installments over the next eight years. The first payment was made December 30, 1999.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	General Obligation Loan
2000	\$ 1,398
2001	1,398
2002	1,398
2003	1,398
2004	1,398
Subsequent	2,798
Total	\$ 9,788

**OHIO TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. 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 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. For 1999 and 1998, members of PERS 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.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by OTARMA:

- General liability
- Automobile Liability
- Public officials' liability
- Employee Benefit Liability

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor

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

Ohio Township
Gallia County
14038 Hannan Trace Road
Crown City, Ohio 45623

To the Board of Trustees:

We have audited the financial statements of Ohio Township, Gallia County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 13, 2000. We conducted our audit 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 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 accompany Schedule of Finding as items 1999-40727-001 and 1999-40727-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated June 13, 2000.

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 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 the management of the Township in a separate letter dated June 13, 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

June 13, 2000

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40727-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

During 1999, disbursements exceeded appropriations by \$14,716 in the General Fund and by \$8,102 in the Fire Fund. During 1998, disbursements exceeded appropriations by \$5,179 in the Gasoline Tax Fund and by \$2,112 in the FEMA Fund.

We recommend the Township prepare an annual appropriation measure, monitor expenditures and appropriations, and approve and file an amended appropriation measure when expenditures will exceed appropriations.

FINDING NUMBER 1999-40727-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) provides 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 in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This section provides for two exceptions to be the above requirements:

1. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Township 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 certification, if such expenditure is otherwise valid
2. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Township.

Most of the Township liabilities and open purchase commitments were not certified as to the availability of funds by the Clerk and/or encumbered until the time of payment. These commitments were not subsequently approved by the Trustees within the aforementioned 30 day time period.

We recommend that the Clerk properly certify funds before incurring the obligation.

**OHIO TOWNSHIP
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-40727-001	Clerk intends to prepare annual appropriation measure, monitor expenditures and appropriations, and approve and file an amended appropriation measure when expenditures will exceed appropriations.	June 30, 2000	Judy Wright, Clerk
1999-40727-002	Clerk intends to properly certify funds before the time of payment.	June 30, 2000	Judy Wright, Clerk



STATE OF OHIO
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OHIO TOWNSHIP

GALLIA 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**