



**WALDO TOWNSHIP
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Waldo Township
Marion County
1994 Rengert Road
Waldo, Ohio 43356

To the Board of Trustees:

We have audited the accompanying financial statements of Waldo Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 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 Waldo Township as of December 31, 1999 and December 31, 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 March 7, 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 the Clerk, 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.

JIM PETRO
Auditor of State

March 7, 2000

**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:			
Taxes	\$28,538	\$5,080	\$33,618
Licenses, Permits, and Fees	5,378	0	5,378
Intergovernmental Receipts	30,701	59,233	89,934
Interest	5,618	2,675	8,293
Other Revenue	106	57	163
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	70,341	67,045	137,386
Cash Disbursements:			
Current:			
General Government	31,108	0	31,108
Public Works	0	47,379	47,379
Health	14,147	1,577	15,724
Capital Outlay	14,824	3,686	18,510
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,079	52,642	112,721
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	10,262	14,403	24,665
Other Financing Receipts:			
Other Financing Sources	693	3,500	4,193
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	10,955	17,903	28,858
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	137,321	118,780	\$256,101
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$148,276	\$136,683	\$284,959

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

**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:			
Taxes	\$24,485	\$4,110	\$28,595
Licenses, Permits, and Fees	4,134	0	4,134
Intergovernmental Receipts	18,002	51,421	69,423
Interest	7,694	2,210	9,904
Other Revenue	99	7	106
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,414	57,748	112,162
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	30,897	0	30,897
Public Works	0	37,933	37,933
Health	12,718	1,456	14,174
Capital Outlay	51,876	2,067	53,943
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	95,491	41,456	136,947
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(41,077)	16,292	(24,785)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Other Sources	4,436	1,400	5,836
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(36,641)	17,692	(18,949)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	173,962	101,088	\$275,050
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$137,321</u>	<u>\$118,780</u>	<u>\$256,101</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Waldo Township, Marion 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, cemetery maintenance, and 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

Certificates of deposit are valued at cost.

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 has the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license 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.

**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 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 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 AND INVESTMENTS

The Township maintains a cash and investments 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>1999</u>	<u>1998</u>
Deposits	\$123,959	\$95,101
Certificates of deposit	<u>161,000</u>	<u>161,000</u>
Total deposits	<u>\$284,959</u>	<u>\$256,101</u>

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

**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 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,537	\$71,034	\$15,497
Special Revenue	62,138	70,545	8,407
Total	<u>\$117,675</u>	<u>\$141,579</u>	<u>\$23,904</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$188,000	\$60,079	\$127,921
Special Revenue	177,000	52,642	124,358
Total	<u>\$365,000</u>	<u>\$112,721</u>	<u>\$252,279</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,359	\$58,850	\$10,491
Special Revenue	59,192	59,148	(44)
Total	<u>\$107,551</u>	<u>\$117,998</u>	<u>\$10,447</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$190,000	\$95,491	\$94,509
Special Revenue	142,000	41,456	100,544
Total	<u>\$332,000</u>	<u>\$136,947</u>	<u>\$195,053</u>

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 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 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. 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, 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance through the Westfield Insurance Company for the following risks:

- Comprehensive property and general liability
- Vehicle
- Errors and Omissions



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Waldo Township
Marion County
1994 Rengert Road
Waldo, Ohio 43356

To the Board of Trustees:

We have audited the accompanying financial statements of Waldo Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 7, 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 item 1999-40651-001 and 1999-40651-002. Also, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 7, 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 March 7, 2000.

Waldo Township
Marion County
Report of Independent Accountants on Compliance
And on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the Clerk and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 7, 2000

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

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

FINDING NUMBER 1999-40651-001

Noncompliance Citation

Certification by Clerk

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 in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This section does allow exceptions when then and now certificates are utilized. If this exception is not met, contracts and orders for expenditure lacking prior certification should be null and void.

The Township expended funds without obtaining prior certification from the Clerk in fifty-six percent of the expenditure transactions tested.

Not certifying each expenditure prior to the order or contract increases the likelihood that expenditures will exceed appropriations.

We recommend the Clerk certify all expenditures prior to the purchase of goods or services.

FINDING NUMBER 1999-40651-002

Noncompliance Citation

Filing of Tax Information Forms

26 C.F.R. Section 1.6041-1 requires governments to report on Form 1099 all payments to independent contractors aggregating \$600 or more. 26 C.F.R. Section 1.6041-2 requires governments to report on Form W-2 all payments to employees aggregating \$600 or more.

The Township contracted with an employee to perform additional services, such as, road work, snow plowing, and opening and closing graves. The amount paid to this employee for these services was \$13,363 in 1998 and \$10,310 in 1999. The Township also contracted with independent contractors to provide concrete and tree services. The Township paid \$4,536 for concrete services in 1998, \$2,820 for concrete services in 1999, and \$950 for tree services in 1998. The Township did not report any of these payments on Form 1099 (or, in the case of the employee, on form W-2).

We recommend the Township issue amended tax information forms (1099 or W-2, as appropriate) to rectify these matters. If these matters are not corrected prior to the next audit, they will be referred to the Internal Revenue Service.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

WALDO TOWNSHIP

MARION 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
MAY 4, 2000**