



**AUBURN TOWNSHIP
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**AUBURN TOWNSHIP
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Auburn Township
Tuscarawas County
2603 Boltz Orchard Rd, SW
Sugarcreek, Ohio 44681

To the Board of Trustees:

We have audited the accompanying financial statements of Auburn Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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, 2000 and 1999, 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 16, 2001, 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. That report is an integral part of an audit performed in conjunction with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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.

Jim Petro
Auditor of State

March 16, 2001

**AUBURN 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, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$18,303	\$44,186	\$62,489
Intergovernmental	34,710	64,152	98,862
Licenses, Permits, and Fees		750	750
Earnings on Investments	1,168	3,988	5,156
Other		10	10
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,181	113,086	167,267
Cash Disbursements:			
Current:			
General Government	32,134		32,134
Public Safety	2,076	17,200	19,276
Public Works	13,797	86,303	100,100
Health	3,576	7,558	11,134
Debt Service:			
Redemption of Principal	3,000	12,967	15,967
Interest and Fiscal Charges		2,033	2,033
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,583	126,061	180,644
Total Cash Receipts Under Cash Disbursements	<hr/> (402)	<hr/> (12,975)	<hr/> (13,377)
Other Financing Receipts:			
Other Sources	<hr/> 80	<hr/> 575	<hr/> 655
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements	<hr/> (322)	<hr/> (12,400)	<hr/> (12,722)
Fund Cash Balances, January 1	<hr/> 7,087	<hr/> 75,246	<hr/> 82,333
Fund Cash Balances, December 31	<hr/> \$6,765	<hr/> \$62,846	<hr/> \$69,611
Reserves for Encumbrances, December 31	<hr/> \$0	<hr/> \$0	<hr/> \$0

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

**AUBURN 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$18,035	\$43,371	\$61,406
Intergovernmental	28,840	64,445	93,285
Licenses, Permits, and Fees		150	150
Earnings on Investments	903	3,218	4,121
Other	20	5,045	5,065
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	47,798	116,229	164,027
Cash Disbursements:			
Current:			
General Government	36,255		36,255
Public Safety	2,032	15,569	17,601
Public Works	1,794	82,349	84,143
Health	599	15,366	15,965
Capital Outlay		57,602	
Debt Service			
Redemption of Principal	6,383	8,000	14,383
Interest and Fiscal Charges	617		617
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	47,680	178,886	168,964
Total Cash Receipts Over/(Under) Cash Disbursements	118	(62,657)	(62,539)
Other Financing Receipts:			
Proceeds of Notes		56,809	56,809
Other Sources		5,750	5,750
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts		62,559	62,559
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	118	(98)	20
Fund Cash Balances, January 1	6,969	75,344	82,313
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$7,087	\$75,246	\$82,333
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31	\$0	\$0	\$0

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

**AUBURN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Auburn 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Sugarcreek to provide fire services and Swiss Valley 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

Certificates of deposit 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 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.

**AUBURN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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. Unencumbered 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. The Township did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

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>2000</u>	<u>1999</u>
Demand deposits	\$1,820	\$1,340
Certificates of deposit	67,791	80,993
Total deposits	<u>\$69,611</u>	<u>\$82,333</u>

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

**AUBURN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,480	\$54,261	\$2,781
Special Revenue	106,300	113,661	7,361
Total	\$157,780	\$167,922	\$10,142

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,565	\$54,583	\$3,982
Special Revenue	181,546	126,061	55,485
Total	\$240,111	\$180,644	\$59,467

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,222	\$47,798	\$5,576
Special Revenue	163,554	178,788	15,234
Total	\$205,776	\$226,586	\$20,810

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,190	\$47,680	\$1,510
Special Revenue	234,153	178,886	55,267
Total	\$283,343	\$226,566	\$56,777

Contrary to Ohio Rev. Code 5705.41 (D), the Township did not always certify the availability of funds prior to incurring purchase commitments.

**AUBURN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. 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.

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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$26,928	6%

The general obligation note was issued to finance the purchase of a new truck and attached equipment to be used for Township road and cemetery maintenance. The note is collateralized solely by the Township's taxing authority.

The note, including principal and interest totaling \$28,247, will be paid in full in 2001.

6. RETIREMENT SYSTEM

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 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**AUBURN TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Commercial Auto
- Commercial Fire
- General Liability
- Inland Marine

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

Auburn Township
Tuscarawas County
2603 Boltz Orchard Rd, SW
Sugarcreek, Ohio 44681

To the Board of Trustees:

We have audited the accompanying financial statements of Auburn Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 16, 2001. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-41279-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 16, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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 16, 2001.

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.

Jim Petro
Auditor of State

March 16, 2001

**AUBURN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-41279-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states in part, that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements.

- A. Then and Now Certificate - 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 the certificate, appropriated and free of any previous encumbrances, the Township Trustees 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, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without the affirmation of the Township Trustees, if such expenditures is otherwise valid.

Of the expenditures tested, 80% were not certified by the Clerk prior to incurring the commitment and the two exceptions noted above were not utilized. The Township should inform all Township employees of the requirements of Ohio Rev. Code Section 5705.41(D) and the importance of certifying of funds availability. The Township should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.

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AUBURN 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
MAY 3, 2001**