

CANAAN TOWNSHIP
MADISON COUNTY
REGULAR AUDIT
JANUARY 1, 1999 - DECEMBER 31, 2000

Whited Seigneur Sams & Rabe

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STATE OF OHIO
OFFICE OF THE AUDITOR

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Canaan Township
7375 MV High Road
Plain City, Ohio 43064

We have reviewed the Independent Auditor's Report of Canaan Township, Madison County, prepared by Whited Seigneur Sams & Rahe, for the audit period January 1, 1999 through December 31, 2000. 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. Canaan Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 30, 2001

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**CANAAN TOWNSHIP
MADISON COUNTY, OHIO
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000**

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May 14, 2001

Board of Trustees
Canaan Township
Madison County
7375 MV High Road
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Report of Independent Auditor

We have audited the accompanying financial statements of Canaan Township, Madison 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 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 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 Canaan Township, Madison County, Ohio, 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 a report dated May 14, 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 audits performed in accordance 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 the 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.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs

**CANAAN TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES - CASH BASIS -
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	Memorandum <u>Only</u> <u>Total</u>
<u>CASH RECEIPTS:</u>			
Taxes	\$ 45,283	\$ 0	\$ 45,283
Licenses, Permits and Fees	726	3,722	4,448
Intergovernmental Receipts	59,994	53,978	113,972
Interest	19,727	5,879	25,606
Other Revenue	<u>0</u>	<u>4,310</u>	<u>4,310</u>
 TOTAL CASH RECEIPTS	 125,730	 67,889	 193,619
<u>CASH DISBURSEMENTS:</u>			
General Government	53,829	0	53,829
Public Works	1,196	35,311	36,507
Health	10,110	2,408	12,518
Capital Outlay	<u>37</u>	<u>1,147</u>	<u>1,184</u>
 TOTAL CASH DISBURSEMENTS	 <u>65,172</u>	 <u>38,866</u>	 <u>104,038</u>
 TOTAL CASH RECEIPTS OVER / (UNDER) CASH DISBURSEMENTS	 60,558	 29,023	 89,581
 Fund cash balances, January 1, 2000	 <u>290,831</u>	 <u>82,093</u>	 <u>372,924</u>
 Fund cash balances, December 31, 2000	 <u>\$351,389</u>	 <u>\$111,116</u>	 <u>\$462,505</u>
 Reserve for Encumbrances, December 31,2000	 <u>\$ 1,735</u>	 <u>\$ 1,800</u>	 <u>\$ 3,535</u>

**CANAAN TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES - CASH BASIS -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	Memorandum <u>Only</u> <u>Total</u>
<u>CASH RECEIPTS:</u>			
Taxes	\$ 37,134	\$ 0	\$ 37,134
Licenses, Permits and Fees	2,235	3,275	5,510
Intergovernmental Receipts	223,474	58,956	282,430
Interest	4,241	2,407	6,648
Other Revenue	<u>0</u>	<u>4,310</u>	<u>4,310</u>
 TOTAL CASH RECEIPTS	 267,084	 68,948	 336,032
<u>CASH DISBURSEMENTS:</u>			
General Government	54,411	0	54,411
Public Works	1,149	36,417	37,566
Health	9,019	2,143	11,162
Capital Outlay	<u>6,929</u>	<u>17,672</u>	<u>24,601</u>
 TOTAL CASH DISBURSEMENTS	 <u>71,508</u>	 <u>56,232</u>	 <u>127,740</u>
 TOTAL CASH RECEIPTS OVER / (UNDER) CASH DISBURSEMENTS	 195,576	 12,716	 208,292
 Fund cash balances, January 1, 1999	 <u>95,255</u>	 <u>69,377</u>	 <u>164,632</u>
 Fund cash balances, December 31, 1999	 <u>\$290,831</u>	 <u>\$ 82,093</u>	 <u>\$372,924</u>
 Reserve for Encumbrances, December 31, 1999	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

**CANAAN TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Description of the Entity - Canaan Township, Madison 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, road maintenance and repairs and cemetery operations.

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 - Demand deposits 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:

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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

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

- e) Budgetary Process - The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

**CANAAN TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

NOTE 2 - EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$462,505	\$372,924

Deposits - Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

NOTE 3 - BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$103,338	\$125,730	\$ 22,392
Special Revenue	66,819	67,889	1,070
TOTAL	<u>\$170,157</u>	<u>\$193,619</u>	<u>\$ 23,462</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$381,750	\$ 66,907	\$314,843
Special Revenue	146,500	40,666	105,834
TOTAL	<u>\$528,250</u>	<u>\$107,573</u>	<u>\$420,677</u>

**CANAAN TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 3 - BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 67,745	\$267,084	\$199,339
Special Revenue	<u>62,861</u>	<u>68,948</u>	<u>6,087</u>
TOTAL	<u>\$130,606</u>	<u>\$336,032</u>	<u>\$205,426</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$151,050	\$ 71,508	\$ 79,542
Special Revenue	<u>120,200</u>	<u>56,232</u>	<u>63,968</u>
TOTAL	<u>\$271,250</u>	<u>\$127,740</u>	<u>\$143,510</u>

NOTE 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.

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.

NOTE 5 - RETIREMENT SYSTEMS

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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries, except for pay periods from July 1, 2000 through December 31, 2000 in which the Township contributed 8.13025% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**CANAAN TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 6 - RISK MANAGEMENT

The Township is a member participant in the Ohio Township Association Risk Management Authority Plan and has obtained insurance for the following risks:

- Comprehensive property and general liability
- Automobile

The Township also provides health insurance coverage to the elected officials through private carriers.

Whited Seigneur Sams & Rahe

CERTIFIED PUBLIC ACCOUNTANTS

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May 14, 2001

Board of Trustees
Canaan Township
Madison County
7375 MV High Street
Plain City, Ohio 43064

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited the accompanying financial statements of Canaan Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 14, 2001. We conducted our audits 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, 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 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*.

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.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CANAAN TOWNSHIP

MADISON 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
JUNE 7, 2001**