



**LICK TOWNSHIP
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LICK TOWNSHIP
JACKSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Lick Township
Jackson County
212 Cambrian Avenue
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the accompanying financial statements of Lick Township, Jackson 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 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 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 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 April 25, 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 accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of audit.

This report is intended solely for the information and use of the audit committee, management, 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

April 25, 2001

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**LICK TOWNSHIP
JACKSON 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>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$6,591	\$74,638		\$81,229
Intergovernmental	50,291	62,298	85,170	197,759
Earnings on Investments	9,707	2,256		11,963
Other Revenue	961	2,956		3,917
	<u>67,550</u>	<u>142,148</u>	<u>85,170</u>	<u>294,868</u>
Cash Disbursements:				
Current:				
General Government	52,241			52,241
Public Safety	160	23,089		23,249
Public Works		115,297		115,297
Health	2,009			2,009
Debt Service:				
Redemption of Principal			7,643	7,643
Interest and Fiscal Charges			1,617	1,617
Capital Outlay	567	1,299	114,572	116,438
	<u>54,977</u>	<u>139,685</u>	<u>123,832</u>	<u>318,494</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>12,573</u>	<u>2,463</u>	<u>(38,662)</u>	<u>(23,626)</u>
Other Financing Sources/(Uses):				
Proceeds from Sale of Public Debt:				
Sale of Notes			50,000	50,000
			<u>50,000</u>	<u>50,000</u>
Total Other Financing Sources/(Uses)			<u>50,000</u>	<u>50,000</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	12,573	2,463	11,338	26,374
Fund Cash Balances, January 1	126,613	111,046	84,569	322,228
Fund Cash Balances, December 31	<u>\$139,186</u>	<u>\$113,509</u>	<u>\$95,907</u>	<u>\$348,602</u>

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

**LICK TOWNSHIP
JACKSON 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>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$5,001	\$59,524		\$64,525
Intergovernmental	91,859	139,449	81,897	313,205
Earnings on Investments	6,859	3,106		9,965
Other Revenue	709	1,568		2,277
				<hr/>
Total Cash Receipts	<hr/> 104,428	<hr/> 203,647	<hr/> 81,897	<hr/> 389,972
Cash Disbursements:				
Current:				
General Government	49,117	16		49,133
Public Safety	160	21,591		21,751
Public Works		208,815		208,815
Health	2,005			2,005
Capital Outlay		11,003	66,096	77,099
				<hr/>
Total Cash Disbursements	<hr/> 51,282	<hr/> 241,425	<hr/> 66,096	<hr/> 358,803
Excess of Cash Receipts Over/ (Under) Cash Disbursements	53,146	(37,778)	15,801	31,169
Fund Cash Balances, January 1	<hr/> 73,467	<hr/> 148,824	<hr/> 68,768	<hr/> 291,059
Fund Cash Balances, December 31	<hr/> \$126,613	<hr/> \$111,046	<hr/> \$84,569	<hr/> \$322,228

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

**LICK TOWNSHIP
JACKSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lick Township, Jackson 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 and cemetery maintenance. The Township contracts with the City of Jackson for fire protection 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. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Township uses fund accounting to segregate cash 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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

Issue II Fund - The Township received a grant from the State of Ohio to pave Lick Township Road 254.

**LICK TOWNSHIP
JACKSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Permanent Improvement Fund - This fund received permissive sales tax money for constructing, maintaining, and repairing Township roads and bridges.

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 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 always encumber prior to making commitments as required by Ohio law.

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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**LICK TOWNSHIP
JACKSON COUNTY**

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

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	\$273,794	\$306,896
Certificates of deposit	<u>0</u>	<u>15,332</u>
Total deposits	<u>273,794</u>	<u>322,228</u>
STAROhio	<u>74,808</u>	<u>0</u>
Total investments	<u>74,808</u>	<u>0</u>
Total deposits and investments	<u><u>\$348,602</u></u>	<u><u>\$322,228</u></u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

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	\$59,428	\$67,550	\$8,122
Special Revenue	148,991	142,148	(6,843)
Capital Project	<u>131,897</u>	<u>135,170</u>	<u>3,273</u>
Total	<u><u>\$340,316</u></u>	<u><u>\$344,868</u></u>	<u><u>\$4,552</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$76,390	\$54,977	\$21,413
Special Revenue	197,500	139,685	57,805
Capital Project	<u>126,000</u>	<u>123,832</u>	<u>2,168</u>
Total	<u><u>\$399,890</u></u>	<u><u>\$318,504</u></u>	<u><u>\$81,386</u></u>

**LICK TOWNSHIP
JACKSON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,200	\$104,428	\$50,228
Special Revenue	202,219	203,647	1,428
Capital Project	75,805	81,897	6,092
Total	\$332,224	\$389,972	\$57,748

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$71,980	\$51,282	\$20,698
Special Revenue	311,050	241,425	69,625
Capital Project	76,000	66,096	9,904
Total	\$459,030	\$358,803	\$100,227

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 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, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$42,447	6.75%

**LICK TOWNSHIP
JACKSON COUNTY**

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

5. Debt (Continued)

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

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2001	\$16,977
2002	18,520
2003	<u>10,803</u>
Total	<u><u>\$46,300</u></u>

6. RETIREMENT SYSTEMS

The Township's employees, as well as the Township Clerk and the Board of Trustees, 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 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to officials and full-time employees through a private carrier.

8. RELATED PARTY TRANSACTIONS

The wife of a Trustee and the sisters of the Clerk were all part owners of a company from which the Township acquired services for painting and restoring parts of various Township vehicles during the year. The Township paid \$3,336 for this service. The father and brother of another Township Trustee are owners of a company from which the Township acquired insurance. The Township paid \$8,464 for this service.

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

Lick Township
Jackson County
212 Cambrian Avenue
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the accompanying financial statements of Lick Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 25, 2001. 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-40740-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 25, 2001.

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 management of the Township in a separate letter dated April 25, 2001.

Lick Township
Jackson 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 audit committee, 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

April 25, 2001

LICK TOWNSHIP
JACKSON 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 2000-40740-001

Ohio Rev. Code Section 5705.41(D) states that no order or contract involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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.

The following exception to this basic requirement is provided statute:

1. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
2. Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures of the taxing authority.

"Then and now" certificates were not utilized and for 19% of the purchases we tested, funds were not certified as available on purchase orders to meet commitments until after the commitment was made.

We recommend all purchase orders be certified by the Clerk prior to the commitment being made.

LICK TOWNSHIP
JACKSON COUNTY

CORRECTIVE ACTION PLAN
DECEMBER 31, 2000 AND 1999

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-40740-001	Clerk will certify availability of funds using purchase orders prior to when the commitments are made.	May, 2001	Karen Wickline



STATE OF OHIO
OFFICE OF THE AUDITOR

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LICK TOWNSHIP

JACKSON 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**