



**OLIVE TOWNSHIP
NOBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

OLIVE TOWNSHIP
NOBLE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Olive Township
Noble County
84 Jefferson Drive
Route 1
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of Olive Township, Noble 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 and reserves for encumbrances of Olive Township, Noble County, 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 6, 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 6, 2001

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OLIVE TOWNSHIP
NOBLE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$17,855	\$44,451	\$8,690	\$28	\$71,024
Intergovernmental	44,197	70,383			114,580
Earnings on Investments	743	245			988
Other Revenue	128	600			728
Total Cash Receipts	<u>62,923</u>	<u>115,679</u>	<u>8,690</u>	<u>28</u>	<u>187,320</u>
Cash Disbursements:					
Current:					
General Government	23,645	3,662			27,307
Public Safety	726				726
Public Works	23,650	136,419			160,069
Health	8,214	982		25	9,221
Debt Service:					
Redemption of Principal			7,287		7,287
Interest and Fiscal Charges			1,403		1,403
Capital Outlay		5,800			5,800
Total Cash Disbursements	<u>56,235</u>	<u>146,863</u>	<u>8,690</u>	<u>25</u>	<u>211,813</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>6,688</u>	<u>(31,184)</u>	<u>0</u>	<u>3</u>	<u>(24,493)</u>
Other Financing Receipts/(Disbursements):					
Advances-In	26,500	25,000	1,500		53,000
Advances-Out	(26,500)	(25,000)	(1,500)		(53,000)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,688	(31,184)	0	3	(24,493)
Fund Cash Balances, January 1	21,978	49,012	0	1,413	72,403
Fund Cash Balances, December 31	<u>\$28,666</u>	<u>\$17,828</u>	<u>\$0</u>	<u>\$1,416</u>	<u>\$47,910</u>
Reserve for Encumbrances, December 31	<u>\$13,376</u>	<u>\$3,087</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,463</u>

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

OLIVE TOWNSHIP
NOBLE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$16,738	\$49,830	\$	\$66,568
Intergovernmental	27,506	79,609		107,115
Earnings on Investments	795	421	61	1,277
Other Revenue	768	7,523		8,291
	<u>45,807</u>	<u>137,383</u>	<u>61</u>	<u>183,251</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	24,537	2,093		26,630
Public Works	3,839	136,071		139,910
Health	4,182	520	66	4,768
	<u>32,558</u>	<u>138,684</u>	<u>66</u>	<u>171,308</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,249</u>	<u>(1,301)</u>	<u>(5)</u>	<u>11,943</u>
Other Financing Receipts/(Disbursements):				
Advances-In	2,114	2,114		4,228
Advances-Out	(2,114)	(2,114)		(4,228)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,249	(1,301)	(5)	11,943
Fund Cash Balances, January 1	<u>8,729</u>	<u>50,313</u>	<u>1,418</u>	<u>60,460</u>
Fund Cash Balances, December 31	<u>\$21,978</u>	<u>\$49,012</u>	<u>\$1,413</u>	<u>\$72,403</u>
Reserve for Encumbrances, December 31	<u>\$300</u>	<u>\$18,619</u>	<u>\$0</u>	<u>\$18,919</u>

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

**OLIVE TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Olive Township, Noble 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 road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety). The Township contracts with the Caldwell Volunteer Fire Department to provide fire 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

The certificate of deposit is 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 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 for constructing, maintaining and repairing Township roads.

**OLIVE TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Motor Vehicle License Fund - This fund receives motor vehicle license tax money for maintaining Township roads.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Equipment Lease Note Fund - This fund was established to service the debt incurred from the lease/purchase of a tractor.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain a corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following Nonexpendable Trust Fund:

Cemetery Trust Fund - This fund receives interest from principal that is invested in a certificate of deposit.

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 unencumbered 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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

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

**OLIVE TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>2000</u>	<u>1999</u>
Demand deposits	\$46,558	\$71,051
Certificates of deposit	<u>1,352</u>	<u>1,352</u>
Total deposits	<u><u>\$47,910</u></u>	<u><u>\$72,403</u></u>

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,127	\$62,923	\$12,796
Special Revenue	104,284	115,679	11,395
Debt Service	8,690	8,690	0
Fiduciary	<u>0</u>	<u>28</u>	<u>28</u>
Total	<u><u>\$163,101</u></u>	<u><u>\$187,320</u></u>	<u><u>\$24,219</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,805	\$69,611	\$2,194
Special Revenue	134,676	149,950	(15,274)
Debt Service	8,690	8,690	0
Fiduciary	<u>121</u>	<u>25</u>	<u>96</u>
Total	<u><u>\$215,292</u></u>	<u><u>\$228,276</u></u>	<u><u>(\$12,984)</u></u>

**OLIVE TOWNSHIP
NOBLE 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	\$25,072	\$45,807	\$20,735
Special Revenue	112,885	137,383	24,498
Capital Projects	0	0	0
Fiduciary	0	61	61
Total	\$137,957	\$183,251	\$45,294

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,270	\$32,858	\$2,412
Special Revenue	155,573	157,303	(1,730)
Fiduciary	66	66	0
Total	\$190,909	\$190,227	\$682

During 2000, the Township had expenditures exceeding appropriations in the Motor Vehicle License Tax Fund, Road and Bridge Fund and Permissive Motor Vehicle License Tax Fund, Special Revenue Fund Type and in 1999, the Township had expenditures exceeding appropriations in the Federal Emergency Management Agency Fund, Special Revenue Fund Type, contrary to Ohio Rev. Code Section 5705.41(B).

During 2000 and 1999, the Township had expenditures which did not contain the Clerk's prior certification of the availability of funds, contrary to Ohio Rev. Code Section 5705.41(D).

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.

**OLIVE TOWNSHIP
NOBLE COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Municipal Lease	\$18,359	6.84%
Total	\$18,359	

The Municipal Lease was issued to finance the purchase of a new tractor. The lease is collateralized solely by the Township's tractor and is being retired through the Debt Service Fund with property tax revenue from the Road and Bridge Fund.

The Township also has a long-term obligation for a repayment of taxes to Texas Eastern Transmission Corporation, a public utility company, for tax years 1991 through 1996 which was the result of a successful suit brought by Texas Eastern on the method of assessing personal property taxes. The repayment of taxes will be made from Township funds receiving personal property taxes through deductions from the tax settlements by the Noble County Auditor. The Township's assessed amount is \$1,235, each year through 2002. The related financial activity for this liability is not included in the accompanying financial statements.

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

Year ending December 31:	Municipal Lease
2001	\$9,480
2002	9,480
2003	790
Total	\$19,750

6. RETIREMENT SYSTEMS

The Township's part-time employees, as well as the Trustees and Clerk, belong to Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants prescribed by the Ohio Revised

Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township has paid all contributions required through December 31, 2000.

**OLIVE TOWNSHIP
NOBLE COUNTY**

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

7. RISK MANAGEMENT

The Township is insured with Ohio Township Association Risk Management Association. This association assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by this association:

- General liability and casualty
- Vehicles
- Property
- Public Official's liability

The Township also provides health and life insurance coverage to elected officials through a private carrier.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Olive Township
Noble County
84 Jefferson Drive
Route 1
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of Olive Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 6, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-41061-001 and 2000-41061-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 6, 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 March 6, 2001.

Olive Township
Noble 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 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 6, 2001

**OLIVE TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-41061-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no subdivision or taxing unit shall make any contact 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 purpose 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 appropriated and free of any previous encumbrances, the Board of 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 one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Certain liabilities, contracts, and open purchase commitments were not certified by the Clerk prior to the obligation and "Then and Now" Certificates were not used and subsequently approved by the Board of Trustees within the aforementioned 30-day time period. Forty percent of expenditure transactions tested for 1999 and 2000 were not properly certified.

We recommend the Township Clerk certify the availability of funds prior to the cash expenditure being made. Where prior certification is not feasible, we encourage the Clerk to utilize "then and now" certificates or blanket certificates.

**OLIVE TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2000-41061-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

For 1999, the Federal Emergency Management Agency Fund had expenditures in excess of appropriations in the amount of \$9,007.

For 2000, the Motor Vehicle License Tax Fund, the Road and Bridge Fund and Permissive Motor Vehicle License Tax Fund had expenditures in excess of appropriations by \$554, \$13,160 and \$430, respectively.

The Clerk should deny any payments until the legislative authority has passed the appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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OLIVE TOWNSHIP

NOBLE 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
MARCH 22, 2001**