



**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Roundhead Township
Hardin County
P. O. Box 133
Roundhead, Ohio 43346

To the Board of Trustees:

We have audited the accompanying financial statements of Roundhead Township, Hardin County (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 February 12, 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 *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 the management, and Board of Trustees, and other 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.

Jim Petro
Auditor of State

February 12, 2001

**ROUNDHEAD TOWNSHIP
HARDIN 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$23,550	\$12,029	\$35,579
Charges For Services		4,000	4,000
Intergovernmental	32,960	58,581	91,541
Licenses, Permits, and Fees	0	800	800
Earnings on Investments	3,122	1,756	4,878
Other Revenue	3,093	1,925	5,018
	<u>62,725</u>	<u>79,091</u>	<u>141,816</u>
Cash Disbursements:			
Current:			
General Government	27,773		27,773
Public Safety	232		232
Public Works	1,912	71,973	73,885
Health	10,441		10,441
Debt Service:			
Redemption of Principal		7,375	7,375
Interest and Fiscal Charges		590	590
Capital Outlay	2,307	59,750	62,057
	<u>42,665</u>	<u>139,688</u>	<u>182,353</u>
Total Receipts Over/(Under) Disbursements	<u>20,060</u>	<u>(60,597)</u>	<u>(40,537)</u>
Other Financing Receipts:			
Proceeds from Sale of Public Debt:			
Loan Proceeds	0	15,000	15,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	20,060	(45,597)	(25,537)
Fund Cash Balances, January 1	<u>67,825</u>	<u>122,129</u>	<u>189,954</u>
Fund Cash Balances, December 31	<u>\$87,885</u>	<u>\$76,532</u>	<u>\$164,417</u>

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

ROUNDHEAD TOWNSHIP
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Operating Cash Receipts:	
Interest	\$68
Operating Cash Disbursements	<u>0</u>
Operating income	68
Fund Cash Balance, January 1	<u>2,434</u>
Fund Cash Balance, December 31	<u><u>\$2,502</u></u>

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

**ROUNDHEAD TOWNSHIP
HARDIN 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$18,626	\$10,838	\$29,464
Charges for Services		4,000	\$4,000
Licenses, Permits, and Fees		1,000	1,000
Intergovernmental	33,854	58,965	92,819
Earnings on Investments	1,974	867	2,841
Other Revenue	3,053	50	3,103
	<u>57,507</u>	<u>75,720</u>	<u>133,227</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	29,497		29,497
Public Safety	285	5,455	5,740
Public Works	1,903	61,031	62,934
Health	7,833		7,833
Capital Outlay	2,918	3,643	6,561
	<u>42,436</u>	<u>70,129</u>	<u>112,565</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	15,071	5,591	20,662
Fund Cash Balances, January 1	<u>52,754</u>	<u>116,538</u>	<u>169,292</u>
Fund Cash Balances, December 31	<u><u>\$67,825</u></u>	<u><u>\$122,129</u></u>	<u><u>\$189,954</u></u>

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

ROUNDHEAD TOWNSHIP
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

Operating Cash Receipts:	
Interest	\$66
Operating Cash Disbursements:	
Supplies and Materials	<u>19</u>
Operating income	47
Fund Cash Balance, January 1	<u>2,387</u>
Fund Cash Balance, December 31	<u><u>\$2,434</u></u>

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

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Roundhead Township, Hardin 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 maintenance, cemetery maintenance, emergency medical services, and fire protection.

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

Money market accounts and savings accounts 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 by law or contract to be restricted.

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:

Motor Vehicle License Tax Fund - This fund received motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund - This fund received property tax money and charges for services for providing fire protection.

3. Fiduciary Funds (Trust Funds)

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

Nonexpendable Trust Fund:

Cemetery Bequest Fund - Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

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. The Township did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 4.

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.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

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:

	2000	1999
Demand deposits	\$60,548	\$189,953
Savings accounts	2,502	2,435
Money market account	103,869	0
Demand deposits	\$166,919	\$192,388

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institutions public entity deposit pool.

3. RESTATEMENT OF PRIOR YEAR NONEXPENDABLE TRUST FUND ENDING BALANCE

The Nonexpendable Trust Fund ending balance was understated by \$162 in the prior year due to the incorrect recording of interest earnings.

The effect of these changes on the Nonexpendable Trust Fund as previously reported for the year ended December 31, 1998, are as follows:

Fund balance as previously reported	\$2,225
Restatement amount	162
Restated amount for the year ended December 31, 1998	\$2,387

4. BUDGETARY ACTIVITY

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

Fund Type	2000 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$48,546	\$62,725	\$14,179
Special Revenue	84,851	94,091	9,240
Fiduciary	40	68	28
Total	\$133,437	\$156,884	\$23,447

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

4. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$122,348	\$42,665	\$79,683
Special Revenue	214,841	139,688	75,153
Fiduciary	64	64	64
Total	<u>\$337,253</u>	<u>\$182,353</u>	<u>\$154,900</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,561	\$57,507	\$10,946
Special Revenue	71,279	75,720	4,441
Fiduciary	40	66	26
Total	<u>\$117,880</u>	<u>\$133,293</u>	<u>\$15,413</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,604	\$42,436	\$58,168
Special Revenue	186,500	70,129	116,371
Fiduciary	40	19	21
Total	<u>\$287,144</u>	<u>\$112,584</u>	<u>\$174,560</u>

The Township did not prior certify expenditures which violates Ohio Rev. Code Section 5705.41(D).

During 2000 and 1999 the Township recorded some restricted receipts in the wrong funds. This violated Ohio Rev. Code Section 5705.10

5. 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.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

5. PROPERTY TAX (Continued)

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.

6. NOTE DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Township fire truck loan	\$7,625	5.95%

The two year Home Savings and Loan note was initiated in January 2000, to finance the purchase of a Township fire truck.

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

Year Ending December 31:	Principa l	Interest	Total
2001	\$7,625	\$349	\$7,974

7. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer pension 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during the period January 1, 1999 through June 30, 2000. During the period of July 1, 2000 through December 31, 2000 there was a temporary reduction which reduced the employer rate to 8.13%. The Township has paid all contributions required through December 31, 2000.

8. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive business policy - Vehicles, Building, Property, & Inland Marine
- Ohio Township Official's Liability Policy
- Errors and omissions

The Township also provides health insurance for elected officials.

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

Roundhead Township
Hardin County
P. O. Box 133
Roundhead, Ohio 43346

To the Board of Trustees:

We have audited the financial statements of Roundhead Township, Hardin County (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 12, 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 2000-40233-001 and 2000-40233-002. We also noted certain immaterial instances of non-compliance that we have reported to management of the Township in a separate letter dated February 12, 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 District in a separate letter dated February 12, 2001.

Roundhead Township
Hardin 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 management, and 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

February 12, 2001

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2000-40233-001
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Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is 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 exceptions to this basic requirement are provided by statute:

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 or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for townships may be paid by the fiscal officer without such certificate 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 by the taxing authority.

One hundred percent of the transactions tested were not certified by the Clerk prior to making orders for the expenditure of Township funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to assure compliance with this requirement, but to help prevent the unauthorized obligation of Township funds.

Finding Number	2000-40233-002
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Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made; all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose; and interest derived from a motor vehicle license or fuel tax must follow the principal.

During 2000, a homestead and rollback receipt belonging to the Fire Fund was incorrectly posted to the General Fund, and during 2000 and 1999, interest revenue posted to the Motor Vehicle License Fund and the Gas Tax fund was incorrectly calculated which resulted in the General Fund not receiving a proportionate share. Also during 2000, miscellaneous revenue was incorrectly recorded in the Motor Vehicle License Tax Fund instead of the General Fund.

**ROUNDHEAD TOWNSHIP
HARDIN COUNTY**

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

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

Finding Number	2000-40233-002(Continued)
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The client has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts. The financial statements in this report reflect these adjustments. These adjustments had the following effect upon the respective fund type balances:

	General Fund	Special Revenue
1999	\$1,027	(\$1,027)
2000	\$1,187	(\$1,187)



STATE OF OHIO
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ROUNDHEAD TOWNSHIP

HARDIN 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 20, 2001**