



**SMITH TOWNSHIP
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SMITH TOWNSHIP
BELMONT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Smith Township
Belmont County
59643 Ogilbee Road
Jacobsburg, Ohio 43933

To the Board of Trustees:

We have audited the accompanying financial statements of Smith Township, Belmont 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 18, 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 management, the Board 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 18, 2001

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**SMITH TOWNSHIP
BELMONT 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**

	Governmental Fund Types			Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects		
Cash Receipts:					
Taxes	\$13,676	\$96,157	\$	\$	\$109,833
Intergovernmental	70,686	77,937	13,965		162,588
Earnings on Investments	2,657	1,834		1,387	5,878
Other Revenue	608	791			1,399
Total Cash Receipts	<u>87,627</u>	<u>176,719</u>	<u>13,965</u>	<u>1,387</u>	<u>279,698</u>
Cash Disbursements:					
Current:					
General Government	58,094				58,094
Public Safety		67,341			67,341
Public Works	4,735	118,525		1,200	124,460
Health	10,224				10,224
Capital Outlay	1,002	12,233	27,363		40,598
Total Cash Disbursements	<u>74,055</u>	<u>198,099</u>	<u>27,363</u>	<u>1,200</u>	<u>300,717</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,572</u>	<u>(21,380)</u>	<u>(13,398)</u>	<u>187</u>	<u>(21,019)</u>
Fund Cash Balances, January 1	<u>22,061</u>	<u>75,914</u>	<u>36,078</u>	<u>31,355</u>	<u>165,408</u>
Fund Cash Balances, December 31	<u>\$35,633</u>	<u>\$54,534</u>	<u>\$22,680</u>	<u>\$31,542</u>	<u>\$144,389</u>

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

**SMITH TOWNSHIP
BELMONT 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**

	Governmental Fund Types			Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Capital Project		
Cash Receipts:					
Taxes	\$13,409	\$94,395	\$	\$	\$107,804
Intergovernmental	74,704	86,914	15,288		176,906
Earnings on Investments	2,216	1,554	4,693	1,944	10,407
Other Revenue	216	5,000		450	5,666
Total Cash Receipts	<u>90,545</u>	<u>187,863</u>	<u>19,981</u>	<u>2,394</u>	<u>300,783</u>
Cash Disbursements:					
Current:					
General Government	58,589				58,589
Public Safety		62,849			62,849
Public Works	4,690	97,813		1,108	103,611
Health	10,572				10,572
Capital Outlay	<u>15,629</u>	<u>13,515</u>	<u>26,954</u>		<u>56,098</u>
Total Cash Disbursements	<u>89,480</u>	<u>174,177</u>	<u>26,954</u>	<u>1,108</u>	<u>291,719</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,065</u>	<u>13,686</u>	<u>(6,973)</u>	<u>1,286</u>	<u>9,064</u>
Other Financing Receipts and Disbursements:					
Transfers-In			8,051		8,051
Transfers-Out	<u>(8,051)</u>				<u>(8,051)</u>
Total Other Financing Receipts and Disbursements	<u>(8,051)</u>	<u>0</u>	<u>8,051</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,986)	13,686	1,078	1,286	9,064
Fund Cash Balances, January 1	<u>29,047</u>	<u>62,228</u>	<u>35,000</u>	<u>30,069</u>	<u>156,344</u>
Fund Cash Balances, December 31	<u>\$22,061</u>	<u>\$75,914</u>	<u>\$36,078</u>	<u>\$31,355</u>	<u>\$165,408</u>

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

**SMITH TOWNSHIP
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Smith Township, Belmont 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, and fire protection (public safety). The Township contracts with Smith 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

Certificates of deposit and the U.S. Treasury Note are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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:

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

**SMITH TOWNSHIP
BELMONT 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)

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

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

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 funds:

Issue II Fund - The Township received proceeds of Ohio Public Works Commission grant monies through Belmont County to be used for the repair of Township roads.

Capital Equipment Fund - This fund received money from the General Fund to be used for equipment purchases.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This fund receives interest revenue earned from a certificate of deposit, saving accounts, and U.S. Treasury Note which is used for the purpose of caring for graves at various Township cemeteries.

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.

**SMITH TOWNSHIP
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

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 Sick Leave

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

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 at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$90,167	\$111,372
Passbook savings accounts	1,421	2,424
Certificates of deposit	<u>27,801</u>	<u>26,612</u>
Total deposits	<u>119,389</u>	<u>140,408</u>
U.S. Treasury Note	<u>25,000</u>	<u>25,000</u>
Total investments	<u>25,000</u>	<u>25,000</u>
Total deposits and investments	<u><u>\$144,389</u></u>	<u><u>\$165,408</u></u>

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

Investments: The U.S. Treasury Note is held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of this security.

**SMITH TOWNSHIP
BELMONT 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	\$78,928	\$87,627	\$8,699
Special Revenue	158,790	176,719	17,929
Capital Projects	0	13,965	13,965
Fiduciary	0	1,387	1,387
Total	\$237,718	\$279,698	\$41,980

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,989	\$74,055	\$26,934
Special Revenue	234,706	198,099	36,607
Capital Projects	36,078	27,363	8,715
Fiduciary	31,356	1,200	30,156
Total	\$403,129	\$300,717	\$102,412

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,302	\$90,545	\$2,243
Special Revenue	170,486	187,863	17,377
Capital Projects	15,288	28,032	12,744
Fiduciary	0	2,394	2,394
Total	\$274,076	\$308,834	\$34,758

**SMITH TOWNSHIP
BELMONT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,298	\$97,531	\$11,767
Special Revenue	227,486	174,177	53,309
Capital Projects	50,288	26,954	23,334
Fiduciary	30,071	1,108	28,963
Total	\$417,143	\$299,770	\$117,373

At December 31, 2000, the Township had expenditures which exceeded appropriations in the Issue II-Capital Projects Fund.

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 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. RETIREMENT SYSTEMS

Township employees, as well as the Trustees and Clerk, 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. For the period July 1, 2000 through December 31, 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.

**SMITH TOWNSHIP
BELMONT COUNTY**

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

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Association (OTARMA). OTARMA assumes the risk of loss up to the limits of the township's policies. OTARMA may make supplemental assessments if the experience of the overall pool is unfavorable. The following risks are covered by OTARMA:

- Comprehensive property and general liability
- Public officials' liability
- Vehicles
- Errors and omissions

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Smith Township
Belmont County
59643 Ogilbee Road
Jacobsburg, Ohio 43933

To the Board of Trustees:

We have audited the accompanying financial statements of Smith Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 18, 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 the 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 2000-41007-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 18, 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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 18, 2001.

Smith Township
Belmont 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 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 18, 2001

SMITH TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-41007-001

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.

At December 31, 2000, the Issue II-Capital Projects Fund expenditures exceeded appropriations by \$13,965.

We recommend the Clerk deny payment requests exceeding appropriations. The Clerk may request the Board to approve increased expenditure levels by increasing appropriations and estimated resources, if necessary.



STATE OF OHIO
OFFICE OF THE AUDITOR

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SMITH TOWNSHIP

BELMONT 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 31, 2001**