



**STOCK TOWNSHIP
NOBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

STOCK TOWNSHIP
NOBLE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Stock Township
Noble County
42966 SR 260
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of Stock 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.

On December 26, 2000 and December 28, 2000, Stock Township, Noble County, expended \$8,500 from the Gasoline Tax Fund, Special Revenue Fund Type, and \$5,000 from the Motor Vehicle License Tax Fund, Special Revenue Fund Type, to purchase a building to be used to house road equipment and supplies. The use of gasoline excise tax and motor vehicle license tax monies to purchase a building is restricted by Ohio Rev. Code Sections 5735.27 and 4503.02. Had this amount been properly expended from the General Fund, the effect would have been to increase the cash balances of the Gasoline Tax Fund by \$8,500 to \$38,072, and the Motor Vehicle License Tax Fund by \$5,000 to \$15,539 (an overall increase of \$13,500 in the Special Revenue Fund Type's cash balance) and to decrease the cash balance of the General Fund by \$13,500 to a deficit of \$4,092 as of December 31, 2000.

In our opinion, except for the matter referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Stock 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 16, 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.

Stock Township
Noble County
Report of Independent Accountants
Page 2

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 16, 2001

**STOCK TOWNSHIP
NOBLE 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>	
Cash Receipts:			
Local Taxes	\$8,907	\$5,014	\$13,921
Intergovernmental	7,387	61,443	68,830
Earnings on Investments	537	947	1,484
Other Revenue		68	68
Total Cash Receipts	16,831	67,472	84,303
Cash Disbursements:			
Current:			
General Government	13,316	69	13,385
Public Safety	899		899
Public Works	1,620	89,174	90,794
Health	485		485
Debt Service:			
Interest and Fiscal Charges		1,219	1,219
Capital Outlay		20,059	20,059
Total Cash Disbursements	16,320	110,521	126,841
Total Cash Receipts Over/(Under) Cash Disbursements	511	(43,049)	(42,538)
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		20,059	20,059
Total Other Financing Receipts/(Disbursements)	0	20,059	20,059
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	511	(22,990)	(22,479)
Fund Cash Balances, January 1	8,896	68,618	77,514
Fund Cash Balances, December 31	\$9,407	\$45,628	\$55,035

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

**STOCK TOWNSHIP
NOBLE 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
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$8,951	\$5,109	\$14,060
Intergovernmental	7,293	64,753	72,046
Earnings on Investments	572	1,132	1,704
Other Revenue		14,490	14,490
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	16,816	85,484	102,300
Cash Disbursements:			
Current:			
General Government	14,547		14,547
Public Safety	400		400
Public Works	1,617	67,539	69,156
Health	773		773
Miscellaneous		19,907	19,907
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	17,337	87,446	104,783
Total Cash Receipts Over/(Under) Cash Disbursements	(521)	(1,962)	(2,483)
Fund Cash Balances, January 1	9,417	70,580	79,997
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$8,896</u>	<u>\$68,618</u>	<u>\$77,514</u>

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

**STOCK TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Stock 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Caldwell and Summerfield Volunteer Fire Departments 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. 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:

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

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

**STOCK TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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. 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.

E. 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

The Township maintains a cash 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	<u>\$55,035</u>	<u>\$77,514</u>

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

**STOCK TOWNSHIP
NOBLE 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 December 31, 1999 was as follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,999	\$16,831	\$832
Special Revenue	80,897	87,531	6,634
Total	<u>\$96,896</u>	<u>\$104,362</u>	<u>\$7,466</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$24,895	\$16,320	\$8,575
Special Revenue	149,515	110,521	38,994
Total	<u>\$174,410</u>	<u>\$126,841</u>	<u>\$47,569</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,990	\$16,816	\$1,826
Special Revenue	71,196	85,484	14,288
Total	<u>\$86,186</u>	<u>\$102,300</u>	<u>\$16,114</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$24,407	\$17,337	\$7,070
Special Revenue	144,323	87,446	56,877
Total	<u>\$168,730</u>	<u>\$104,783</u>	<u>\$63,947</u>

**STOCK TOWNSHIP
NOBLE COUNTY**

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

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
Promissory Note	\$20,059	6%
Total	\$20,059	

The promissory note was issued to finance the purchase of a tractor and loader to be used for Township road maintenance. The note is collateralized by the equipment.

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

Year ending December 31:	Promissory Note
2001	\$5,948
2002	5,648
2003	5,348
2004	5,048
Total	\$21,992

**STOCK TOWNSHIP
NOBLE COUNTY**

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

5. DEBT (Continued)

The Township has a long-term obligation for a repayment of taxes to Texas Eastern Transmission Corporation, a public utility company, for tax years 1992 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 \$ 1,351 each year through 2002. The related financial activity for this liability is not included in the accompanying financial statements.

6. RETIREMENT SYSTEMS

The Township's 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 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 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

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles, Computer and Equipment

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

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OFFICE OF THE AUDITOR

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

Stock Township
Noble County
42966 SR 260
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of Stock 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 16, 2001, which is qualified since certain disbursements were not recorded in the proper fund types. 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 2000-41061-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 16, 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 16, 2001.

Stock 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 16, 2001

**STOCK TOWNSHIP
NOBLE COUNTY**

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

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

FINDING NUMBER 2000-41061-001

Noncompliance Citation

Ohio Rev. Code Sections 5735.27 and 4503.02 restrict the purposes for which the gasoline excise tax and motor vehicle license tax monies may be expended, and they do not authorize using such monies for the purchase of buildings.

During December 2000, the Township purchased a building to be used to house road equipment and supplies paid for the building from the Gasoline Tax Fund, Special Revenue Fund Type, and Motor Vehicle License Tax Fund, Special Revenue Fund Type.

A finding for adjustment is hereby issued against the General Fund of Stock Township, Noble County, in the amount of \$13,500, in favor of the Gasoline Tax Fund, Special Revenue Fund Type, in the amount of \$8,500, and in favor of the Motor Vehicle License Tax Fund, Special Revenue Fund Type, in the amount of \$5,000. This adjustment has not been recorded on the books of the Township.



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OFFICE OF THE AUDITOR

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STOCK 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
APRIL 10, 2001**