

DARBY TOWNSHIP

MADISON COUNTY

REGULAR AUDIT

JANUARY 1, 1999 - DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Darby Township
Plain City, Ohio

We have reviewed the Independent Auditor's Report of Darby Township, Madison County, prepared by Whited Seigneur Sams & Rahe, for the audit period January 1, 1999 to December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Darby Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 25, 2001

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**DARBY TOWNSHIP
MADISON COUNTY, OHIO
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000**

TABLE OF CONTENTS

	PAGES
Report of Independent Auditor	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - Cash Basis - For the Year Ended December 31, 2000	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - Cash Basis - For the Year Ended December 31, 1999	2
Notes to the Financial Statements	3-7
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8-9

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Whited Seigneur Sams & Rahe

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April 23, 2001

Board of Trustees
Darby Township
Madison County
P.O. Box 131
Plain City, Ohio 43064

Report of Independent Auditor

We have audited the accompanying financial statements of Darby Township, Madison 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 audits provide 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 Darby Township, Madison County, Ohio, 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 23, 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 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.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs

**DARBY TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES - CASH BASIS -
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only Total</u>
<u>CASH RECEIPTS:</u>			
Taxes	\$ 36,681	\$ 55,077	\$ 91,758
Licenses, Permits and Fees	0	14,693	14,693
Intergovernmental Receipts	44,026	56,820	100,846
Interest	3,588	1,407	4,995
Other Revenue	<u>241</u>	<u>20,536</u>	<u>20,777</u>
TOTAL CASH RECEIPTS	84,536	148,533	233,069
<u>CASH DISBURSEMENTS:</u>			
Current:			
General Government	79,475	0	79,475
Public Works	0	40,201	40,201
Health	0	47,341	47,341
Capital Outlay	0	8,317	8,317
Debt Service:			
Principal	0	10,184	10,184
Interest	<u>0</u>	<u>1,465</u>	<u>1,465</u>
TOTAL CASH DISBURSEMENTS	<u>79,475</u>	<u>107,508</u>	<u>186,983</u>
TOTAL CASH RECEIPTS OVER / (UNDER) CASH DISBURSEMENTS	5,061	41,025	46,086
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers – In	10,000	0	10,000
Operating Transfers – Out	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>(10,000)</u>	<u>0</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCIAL SOURCES OVER/ UNDER CASH DISBURSEMENTS AND OTHER FINANCIAL USES	15,061	31,025	46,086
Fund cash balances, January 1, 2000	<u>64,570</u>	<u>146,689</u>	<u>211,259</u>
Fund cash balances, December 31, 2000	<u>\$ 79,631</u>	<u>\$177,714</u>	<u>\$257,345</u>

**DARBY TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES - CASH BASIS -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	Memorandum Only <u>Total</u>
<u>CASH RECEIPTS:</u>			
Taxes	\$ 33,702	\$ 35,547	\$ 69,249
Licenses, Permits and Fees	0	13,494	13,494
Intergovernmental Receipts	25,386	54,897	80,283
Interest	4,841	2,710	7,551
Other Revenue	<u>763</u>	<u>22,787</u>	<u>23,550</u>
TOTAL CASH RECEIPTS	64,692	129,435	194,127
<u>CASH DISBURSEMENTS:</u>			
Current:			
General Government	85,785	0	85,785
Public Works	0	34,970	34,970
Health	0	51,260	51,260
Capital Outlay	0	52,939	52,939
Debt Service:			
Principal	0	9,592	9,592
Interest	<u>0</u>	<u>2,057</u>	<u>2,057</u>
TOTAL CASH DISBURSEMENTS	<u>85,785</u>	<u>150,818</u>	<u>236,603</u>
TOTAL CASH RECEIPTS OVER / (UNDER) CASH DISBURSEMENTS	(21,093)	(21,383)	(42,476)
<u>OTHER FINANCING SOURCES (USES):</u>			
Other Financing Sources	<u>2,713</u>	<u>0</u>	<u>2,713</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,713</u>	<u>0</u>	<u>2,713</u>
EXCESS OF CASH RECEIPTS AND OTHER FINANCING SOURCES OVER/ (UNDER) CASH DISBURSEMENTS AND OTHER FINANCING (USES)	(18,380)	(21,383)	(39,763)
Fund cash balances, January 1, 1999	<u>82,950</u>	<u>168,072</u>	<u>251,022</u>
Fund cash balances, December 31, 1999	<u>\$ 64,570</u>	<u>\$146,689</u>	<u>\$211,259</u>

**DARBY TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Description of the Entity - Darby Township, Madison 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, road maintenance and repairs, and cemetery operations.

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 - Demand deposits are valued at cost.
- d) Fund Accounting - The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

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.

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

Cemetery - This fund receives monies from burial fees and sale of lots for maintaining and operating a cemetery.

**DARBY TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- e) Budgetary Process - The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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 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.
- g) Unpaid Sick Leave - Full-time 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 cash basis of accounting used by the Township.

NOTE 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	\$257,345	\$211,259

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

**DARBY TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 3 - DEBT OBLIGATIONS

Debt outstanding at December 31, 2000 and December 31, 1999, consisted of the following:

	<u>2000</u>	<u>1999</u>
Capital Lease		
Principal Outstanding	\$16,464	\$26,648
Interest Rate	6.072%	6.072%

A lease-purchase agreement outstanding at December 31, 2000 and 1999, was entered into to obtain a dump truck in 1997.

The requirements to amortize lease-purchase agreement as of December 31, 2000, including interest payments of \$1,010 are as follows:

<u>Year Ending December 31</u>	<u>Capital Lease Agreement</u>
2001	\$ 11,649
2002	<u>\$ 5,825</u>
Total	<u>\$ 17,474</u>

NOTE 4 - BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 70,360	\$ 94,536	\$24,176
Special Revenue	<u>131,091</u>	<u>148,533</u>	<u>17,442</u>
	<u>\$201,451</u>	<u>\$243,069</u>	<u>\$41,618</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$104,566	\$ 79,475	\$ 25,091
Special Revenue	<u>187,357</u>	<u>117,508</u>	<u>69,849</u>
	<u>\$291,923</u>	<u>\$196,983</u>	<u>\$ 94,940</u>

**DARBY TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 4 - BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 71,906	\$ 67,405	\$ (4,501)
Special Revenue	<u>170,754</u>	<u>129,435</u>	<u>(41,319)</u>
	<u>\$242,660</u>	<u>\$196,840</u>	<u>\$(45,820)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$109,550	\$ 85,785	\$ 23,765
Special Revenue	<u>208,500</u>	<u>150,818</u>	<u>57,682</u>
	<u>\$318,050</u>	<u>\$236,603</u>	<u>\$ 81,447</u>

NOTE 5 - 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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.

NOTE 6 - RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer 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. 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, except for pay periods from July 1, 2000 through December 31, 2000 in which the Township contributed 8.13025% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**DARBY TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 7 - RISK MANAGEMENT

The Township has private carriers who provide insurance for the following risks:

- Comprehensive property and general liability
- Public officials' liability
- Inland Marine
- Computer Equipment

The Township also provides health insurance coverage to the elected officials and full-time employees through private carriers.

Whited Seigneur Sams & Rahe

CERTIFIED PUBLIC ACCOUNTANTS

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John R. Sams, CPA
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April 23, 2001

Board of Trustees
Darby Township
Madison County
P.O. Box 131
Plain City, Ohio 43064

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited the accompanying financial statements of Darby Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 23, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 23, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated April 23, 2001.

This report is intended for the information and use of management and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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DARBY TOWNSHIP

MADISON 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 5, 2001**