



**GOSHEN TOWNSHIP
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GOSHEN TOWNSHIP
HARDIN COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Goshen Township
Hardin County
9264 TR 225
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Goshen 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 April 4, 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 when considering the results of our audit.

This report is intended solely for the information and use of the 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

April 4, 2001

**GOSHEN 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$7,639	\$12,077	\$19,716
Intergovernmental	29,074	61,213	90,287
Licenses, Permits, and Fees	400		400
Earnings on Investments	5,977	1,506	7,483
Other Revenue	1,340	865	2,205
 Total Cash Receipts	 44,430	 75,661	 120,091
Cash Disbursements:			
Current:			
General Government	30,907		30,907
Public Safety	11,058		11,058
Public Works		60,296	60,296
Health	4,568	11,843	16,411
Conservation - Recreation		681	681
 Total Cash Disbursements	 46,533	 72,820	 119,353
 Total Receipts Over/(Under) Disbursements	 (2,103)	 2,841	 738
 Fund Cash Balances, January 1	 82,628	 108,516	 191,144
 Fund Cash Balances, December 31	 \$80,525	 \$111,357	 \$191,882

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

GOSHEN TOWNSHIP
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS AND
CHANGES IN FUND CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Operating Cash Receipts:	
Interest	\$34
Operating Cash Disbursements	<u>0</u>
Cash Receipts Over Cash Disbursements	34
Fund Cash Balance, January 1	<u>1,000</u>
Fund Cash Balance, December 31	<u><u>\$1,034</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**GOSHEN 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$5,751	\$11,040	\$16,791
Intergovernmental	27,414	60,860	88,274
Licenses, Permits, and Fees	350		350
Earnings on Investments	3,825	3,114	6,939
Other Revenue	366	532	898
Total Cash Receipts	37,706	75,546	113,252
Cash Disbursements:			
Current:			
General Government	29,411		29,411
Public Safety	10,066		10,066
Public Works		65,253	65,253
Health	7,362	3,675	11,037
Human Services	9,439		9,439
Miscellaneous		414	414
Total Cash Disbursements	56,278	69,342	125,620
Total Receipts Over/(Under) Disbursements	(18,572)	6,204	(12,368)
Fund Cash Balances, January 1	101,200	102,312	203,512
Fund Cash Balances, December 31	\$82,628	\$108,516	\$191,144

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

**GOSHEN TOWNSHIP
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS AND
CHANGES IN FUND CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

Operating Cash Receipts:	
Interest	\$42
Operating Cash Disbursements:	
Supplies and Materials	<u>42</u>
Operating Receipts Over/(Under) Operating Disbursements	0
Fund Cash Balance, January 1	<u>1,000</u>
Fund Cash Balance, December 31	<u><u>\$1,000</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Goshen 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 and bridge maintenance, cemetery maintenance, fire protection, recreation services. The Township contracts with the Marseilles 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 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 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 Fund:

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

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This fund receives interest proceeds from the invested principle to maintain grave sites within the cemetery.

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.

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.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

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	\$91,245	\$191,144
Certificates of deposit	<u>101,671</u>	<u>1,000</u>
Total deposits	<u>192,916</u>	<u>192,144</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) insured by National Credit Union Share Insurance Fund, or (3) collateralized by the financial institution's public entity deposit pool.

During 2000 the Township moved its demand deposit account to a credit union. They also invested in some certificates of deposit in this same credit union. A credit union is not an eligible depository per Ohio Rev. Code Section 135.03.

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	\$32,404	\$44,430	\$12,026
Special Revenue	78,434	75,661	(11)
Fiduciary	<u>45</u>	<u>34</u>	<u>(2,807)</u>
Total	<u>\$110,883</u>	<u>\$120,091</u>	<u>\$9,208</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,200	\$46,533	\$52,667
Special Revenue	115,700	72,820	
Fiduciary	<u>50</u>	<u>0</u>	<u>42,930</u>
Total	<u>\$214,950</u>	<u>\$119,353</u>	<u>\$95,597</u>

**GOSHEN TOWNSHIP
HARDIN 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	\$31,701	\$37,706	\$6,005
Special Revenue	74,520	75,546	1,026
Fiduciary	40	42	2
Total	\$106,261	\$113,252	\$7,033

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$107,250	\$56,278	\$50,945
Special Revenue	110,700	69,342	41,358
Fiduciary	50	42	8
Total	\$218,000	\$125,662	\$92,338

The Township did not: 1) authorize and/or certify the necessary tax levies during 1999 or authorize them during 2000, which violates Ohio Rev. Code Section 5705.34; 2) certify all sources available for expenditure and balances during 1999 or certify in a timely manner for 2000 which violates Ohio Rev. Code Section 5705.36, 3) file an annual appropriation resolution during 1999 which violates Ohio Rev. Code Section 5705.39.

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.

**GOSHEN TOWNSHIP
HARDIN COUNTY**

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

5. RETIREMENT SYSTEMS

The Township's 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 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. 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

7. RELATED PARTY TRANSACTIONS

The Township has their deposits in a credit union where one of the Trustees is a Board Member.

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Goshen Township
Hardin County
9264 TR 225
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of Goshen Township, Hardin County, (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 4, 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, 2000-40233-002, 2000-40233-003, and 2000-40233-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 4, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 a 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 4, 2001.

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 4, 2001

**GOSHEN 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**

FINDING NUMBER

2000-40233-001

Ohio Revised Code Section 135.03 states eligible depositories include national banks and banks defined in ORC 1101.01. Ohio Revised Code Section 1101.01(B) states that a "Bank" means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise. "Bank" also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority of another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

At the end of 2000, the Township had their checking account and certificates of deposit invested with the local credit union which is not an eligible depository.

The Township should deposit all funds with an eligible depository.

FINDING NUMBER

2000-40233-002

Ohio Rev. Code Section 5705.34 requires each taxing authority to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1st, unless a later date is approved by the tax commissioner. During 1999, the Township did not pass the required resolution or certify the tax levies to the County Auditor. During 2000, a resolution was filed with the County Auditor, however, there was no evidence to indicate that this resolution was approved by the Trustees. The failure to pass and file this resolution may result in the Township not receiving their tax revenue.

Procedures should be implemented by the Township to help assure the timely completion and filing of the annual tax levy resolution.

FINDING NUMBER

2000-40233-003

Ohio Rev. Code Section 5705.36 states that the on or about the first day of each fiscal year, the fiscal officers or subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year. During 1999, the Township did not certify the available resources to the County Auditor. During 2000, resources were certified but not until March 6. The failure to complete and file this document in a timely manner prevents the County Auditor from completing other required budgetary forms. Without approval from the County Auditor on other budgetary forms the Township could incur deficit spending and/or negative fund balances.

Procedures should be implemented by the Township to help assure the timely completion and filing of this form.

**GOSHEN 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

2000-40233-004

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated resources. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. During 1999, the Township did not file the annual appropriation resolution with the County Auditor. Without the certification of the County Auditor the Township cannot legal expend their annual appropriations.

Procedures should be implemented by the Township to help assure the timely completion and filing of this form.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

GOSHEN 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
MAY 24, 2001**