



**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000- 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

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**STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Hocking Township  
Fairfield County  
2859 Boving Road SW  
Lancaster, Ohio 43130

To Board of Trustees:

We have audited the accompanying financial statements of Hocking Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 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 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 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 and reserves for encumbrances of the Hocking Township, Fairfield County, Ohio, as of December 31, 2000 and December 31, 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 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 considering the results of our audits.

This report is intended solely for the information and use of management, 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 12, 2001

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**HOCKING TOWNSHIP  
FAIRFIELD 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**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$29,389	\$143,293	\$172,682
Intergovernmental	207,241	85,107	292,348
Licenses, Permits, and Fees	0	6,432	6,432
Earnings on Investments	13,795	6,945	20,740
Other Receipts	2,428	19,810	22,238
 Total Cash Receipts	 252,853	 261,587	 514,440
 <b>Cash Disbursements:</b>			
Current:			
General Government	59,410	7,961	67,371
Public Safety	0	43,008	43,008
Public Works	14,626	211,018	225,644
Health	13,000	0	13,000
 Total Cash Disbursements	 87,036	 261,987	 349,023
 Total Cash Receipts Over/(Under) Cash Disbursements	 165,817	 (400)	 165,417
 Fund Cash Balances, January 1	 208,610	 212,509	 421,119
 <b>Fund Cash Balances, December 31</b>	 <b>\$374,427</b>	 <b>\$212,109</b>	 <b>\$586,536</b>
 Reserve for Encumbrances, December 31	 \$280	 \$170	 \$450

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

**HOCKING TOWNSHIP  
FAIRFIELD 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$29,261	\$142,509	\$171,770
Intergovernmental	78,877	84,662	163,539
Licenses, Permits, and Fees	0	9,369	9,369
Earnings on Investments	10,104	5,835	15,939
Other Receipts	14,221	0	14,221
	<u>132,463</u>	<u>242,375</u>	<u>374,838</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
General Government	60,525	7,808	68,333
Public Safety	0	48,010	48,010
Public Works	15,000	153,767	168,767
Health	10,805	0	10,805
Capital Outlay	51	19,000	19,051
	<u>86,381</u>	<u>228,585</u>	<u>314,966</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	46,082	13,790	59,872
Fund Cash Balances, January 1	<u>162,528</u>	<u>198,719</u>	<u>361,247</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$208,610</u></b>	<b><u>\$212,509</u></b>	<b><u>\$421,119</u></b>
Reserve for Encumbrances, December 31	<u>\$1,770</u>	<u>\$4,063</u>	<u>\$5,833</u>

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



**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Hocking Township, Fairfield County, Ohio, (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, zoning, and contracts with Amanda Township for fire protection and emergency medical 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. Fund Accounting**

The Township uses fund accounting to segregate cash 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 maintaining, repairing, and improving Township roads.

Permissive Motor Vehicle License Tax Fund- This fund receives license tax for maintaining, repairing, and improving Township roads.

Road and Bridge Fund - This fund receives property tax money for improvement and construction of Township roads and bridges.

Special Levy Fund- This fund receives tax money for fire and EMS protection which is contracted with Amanda Township.

**HOCKING TOWNSHIP  
FAIRFIELD COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 and 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 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 re-appropriated.

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 Vacation and Sick Leave**

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

**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 at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$586,536</u>	<u>\$421,119</u>

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

**HOCKING TOWNSHIP  
FAIRFIELD 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 follows:

**2000 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$225,694	\$252,853	(\$27,159)
Special Revenue	220,976	261,587	(40,611)
Total	<u>\$446,670</u>	<u>\$514,440</u>	<u>(\$67,770)</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$212,850	\$85,546	\$127,304
Special Revenue	431,342	258,094	173,248
Total	<u>\$644,192</u>	<u>\$343,640</u>	<u>\$300,552</u>

**1999 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$100,647	\$132,463	(\$31,816)
Special Revenue	210,020	242,375	(32,355)
Total	<u>\$310,667</u>	<u>\$374,838</u>	<u>(\$64,171)</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$263,175	\$88,151	\$175,024
Special Revenue	408,739	232,648	176,091
Total	<u>\$671,914</u>	<u>\$320,799</u>	<u>\$351,115</u>

**HOCKING TOWNSHIP  
FAIRFIELD 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.

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**

Employees along with elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. These plans provide 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 for 1999. The Township contributed an amount equal to 10.84% of participants' gross salaries for 2000. 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. JOINTLY GOVERNED ORGANIZATION**

Fairfield Regional Planning Commission- The Township appoints a person to represent the Township on the 48 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. There is no ongoing financial interest of responsibility by the Township.



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

Hocking Township  
Fairfield County  
2859 Boving Rd. SW  
Lancaster, Ohio 43130

We have audited the accompanying financial statements of Hocking Township, Fairfield 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 March 12, 2001. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 12, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 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 12, 2001.

Hocking Township  
Fairfield County  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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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

March 12, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HOCKING TOWNSHIP**

**FAIRFIELD 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 21, 2001**