



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TWIN TOWNSHIP
ROSS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Twin Township
Ross County
5070 Spargursville, Road
Bainbridge, Ohio 45612

To the Board of Trustees:

We have audited the accompanying financial statements of Twin Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 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 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Twin Township, Ross County, Ohio as of December 31, 2001 and December 31, 2000, 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 May 17, 2002 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.

Twin Township
Ross County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of management, the audit committee, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

May 17, 2002

**TWIN TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Non- Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$ 32,101	\$ 85,721	\$ 10,708	\$ -	\$ 128,530
Intergovernmental	53,786	113,297	-	-	167,083
Licenses, Permits, and Fees	-	18,225	-	-	18,225
Earnings on Investments	2,875	901	-	380	4,156
Other Receipts	3,643	14,485	-	-	18,128
	<u>92,405</u>	<u>232,629</u>	<u>10,708</u>	<u>380</u>	<u>336,122</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	106,890	-	-	-	106,890
Public Safety	976	38,456	-	-	39,432
Public Works	3,722	114,935	-	-	118,657
Health	-	25,069	-	-	25,069
Miscellaneous	-	-	-	74	74
Debt Service:					
Redemption of Principal	-	-	8,392	-	8,392
Interest and Fiscal Charges	-	-	2,316	-	2,316
Capital Outlay	-	50,749	-	-	50,749
	<u>111,588</u>	<u>229,209</u>	<u>10,708</u>	<u>74</u>	<u>351,579</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(19,183)</u>	<u>3,420</u>	<u>-</u>	<u>306</u>	<u>(15,457)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(19,183)	3,420	-	306	(15,457)
Fund Cash Balances, January 1	<u>58,872</u>	<u>80,540</u>	<u>-</u>	<u>8,391</u>	<u>147,803</u>
Fund Cash Balances, December 31	<u>\$ 39,689</u>	<u>\$ 83,960</u>	<u>\$ -</u>	<u>\$ 8,697</u>	<u>\$ 132,346</u>

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

**TWIN TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<u>Non Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Cash Receipts:						
Local Taxes	\$ 29,647	\$ 79,338	\$ 10,628	\$ -	\$ -	\$ 119,613
Intergovernmental	45,682	99,514	-	18,750	-	163,946
Licenses, Permits, and Fees	-	14,805	-	-	-	14,805
Earnings on Investments	3,885	811	-	-	385	5,081
Other Receipts	904	6,715	-	-	-	7,619
Total Cash Receipts	80,118	201,183	10,628	18,750	385	311,064
Cash Disbursements:						
Current:						
General Government	99,982	-	-	-	-	99,982
Public Safety	702	25,888	-	-	-	26,590
Public Works	5,170	121,101	-	18,750	-	145,021
Health	-	21,529	-	-	-	21,529
Miscellaneous	502	-	-	-	24	526
Debt Service:						
Redemption of Principal	-	-	8,038	-	-	8,038
Interest and Fiscal Charges	-	-	2,670	-	-	2,670
Capital Outlay	-	4,192	-	-	-	4,192
Total Cash Disbursements	106,356	172,710	10,708	18,750	24	308,548
Total Receipts Over/(Under) Disbursements	(26,238)	28,473	(80)	-	361	2,516
Other Financing Receipts and (Disbursements):						
Transfers-In	-	4,000	-	-	-	4,000
Transfers-Out	(4,000)	-	-	-	-	(4,000)
Total Other Financing Receipts/(Disbursements)	(4,000)	4,000	-	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(30,238)	32,473	(80)	-	361	2,516
Fund Cash Balances, January 1	89,110	48,067	80	-	8,030	145,287
Fund Cash Balances, December 31	\$ 58,872	\$ 80,540	\$ -	\$ -	\$ 8,391	\$ 147,803

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

**TWIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Twin Township, Ross 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 road and bridge maintenance, cemetery maintenance, 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. 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 Funds:

**TWIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

Special Levy Fire Fund - This fund receives property tax money and other State grants to provide fire fighting and emergency services to the Township.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

Note Retirement Fund - This fund receives property tax money for the retirement of a Dump Truck Note.

4. Capital Projects Fund

This fund is 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 records on-behalf payments for monies the County receives to reconstruct and repair roads within the Township.

5. Fiduciary Funds (Trust and Agency 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 Funds:

Non-Expendable Trust Fund - This fund earns interest from a cemetery bequest for the upkeep of specific cemetery lots.

**TWIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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 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 2001 and 2000 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.

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>2001</u>	<u>2000</u>
Demand deposits	\$125,346	\$140,803
Certificates of deposit	7,000	7,000
Total deposits	<u>\$132,346</u>	<u>\$147,803</u>

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

**TWIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,405	\$92,405	\$0
Special Revenue	232,629	232,629	0
Debt Service	10,708	10,708	0
Fiduciary	0	380	380
Total	<u>\$335,742</u>	<u>\$336,122</u>	<u>\$380</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$111,588	\$111,588	\$0
Special Revenue	297,551	229,209	68,342
Debt Service	10,708	10,708	0
Fiduciary	74	74	0
Total	<u>\$419,921</u>	<u>\$351,579</u>	<u>\$68,342</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,488	\$80,118	\$630
Special Revenue	208,774	223,933	15,159
Debt Service	10,627	10,628	1
Capital Projects	18,750	18,750	0
Fiduciary	0	385	385
Total	<u>\$317,639</u>	<u>\$333,814</u>	<u>\$16,175</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$189,567	\$110,356	\$79,211
Special Revenue	308,711	191,460	117,251
Debt Service	21,828	10,708	11,120
Capital Projects	18,750	18,750	0
Fiduciary	24	24	0
Total	<u>\$538,880</u>	<u>\$331,298</u>	<u>\$207,582</u>

**TWIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	20,561	6%
Total	\$20,561	

The general obligation notes were issued to finance the purchase of a new dump truck to be used for Township road maintenance. The note is collateralized by the Dump Truck purchased and the Township's taxing authority.

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

	General Obligation Notes
Year ending December 31:	
2002	10,708
2003	10,708
Total	\$21,416

6. 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.

**TWIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

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 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

8. PRIOR PERIOD ADJUSTMENT

The Township recorded Special Revenue - Road and Bridge Fund receipts and disbursements in the General Fund. Through audit adjustments, the receipts were reclassified to the Road and Bridge Fund from the General Fund in the prior audit. The related disbursements incurred were also paid out of the General Fund, but were not reclassified.

Disbursements in the amount of \$20,000 were reclassified to the Road and Bridge, Special Revenue Fund to properly match the disbursement with the receipt. This required the restatement of the beginning fund balances, as noted below:

<u>Fund</u>	<u>1999 Ending Balance</u>	<u>Change in Balance</u>	<u>2000 Restated Beginning Balance</u>
General	\$69,110	\$20,000	\$89,110
Special Revenue – Road and Bridge	\$68,067	(\$20,000)	\$48,067



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Twin Township
Ross County
5070 Spargursville Road
Bainbridge, Ohio 45612

To the Board of Trustees:

We have audited the accompanying financial statements of Twin Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 17, 2002. We conducted our audit 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 17, 2002.

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 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 May 17, 2002.

Twin Township
Ross County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

JIM PETRO
Auditor of State

May 17, 2002

**TWIN TOWNSHIP
ROSS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-40771-001	Revised Code 5705.40 – expenditures exceeding appropriations	Fully Corrected	
1999-40771-002	Revised Code 5705.41 (D) – not certifying funds	Fully Corrected	



STATE OF OHIO
OFFICE OF THE AUDITOR

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TWIN TOWNSHIP

ROSS 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
JULY 2, 2002**