



**Auditor of State  
Betty Montgomery**



STARR TOWNSHIP  
HOCKING COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Starr Township  
Hocking County  
21045 State Route 278  
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of Starr Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. 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 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 Starr Township, Hocking County, as of December 31, 2002 and 2001, 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 30, 2003 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.

Starr Township  
Hocking County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 30, 2003

**STARR TOWNSHIP  
HOCKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$23,090	\$34,037	\$57,127
Intergovernmental	28,726	66,776	95,502
Earnings on Investments	384	275	659
Other Revenue	936	2,642	3,578
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	53,136	103,730	156,866
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	43,321		43,321
Public Safety		22,652	22,652
Public Works	2,482	54,373	56,855
Health	125		125
Redemption of Principal		4,425	4,425
Interest and Fiscal Charges		752	752
Capital Outlay	7,485	25,097	32,582
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,413	107,299	160,712
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under)Cash Disbursements	(277)	(3,569)	(3,846)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	21,549	23,454	45,003
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$21,272</u></u></b>	<b><u><u>\$19,885</u></u></b>	<b><u><u>\$41,157</u></u></b>

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

**STARR TOWNSHIP  
HOCKING COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$17,006	\$30,368	\$47,374
Intergovernmental	32,702	67,413	100,115
Licenses, Permits, and Fees	25		25
Earnings on Investments	866	606	1,472
Other Revenue	259	1,175	1,434
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	50,858	99,562	150,420
<b>Cash Disbursements:</b>			
Current:			
General Government	54,563		54,563
Public Safety		19,700	19,700
Public Works	1,773	54,309	56,082
Health	611		611
Debt Service:			
Redemption of Principal		4,425	4,425
Interest and Fiscal Charges		1,128	1,128
Capital Outlay	1,498	27,254	28,752
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	58,445	106,816	165,261
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (7,587)	<hr/> (7,254)	<hr/> (14,841)
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources	2,789	0	2,789
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	2,789	0	2,789
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,798)	(7,254)	(12,052)
Fund Cash Balances, January 1	<hr/> 26,347	<hr/> 30,708	<hr/> 57,055
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$21,549</b>	<hr/> <b>\$23,454</b>	<hr/> <b>\$45,003</b>



**STARR TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Starr Township, Hocking 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 road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with Starr Township Volunteer 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**

The Township Clerk invests available funds of the Township in an interest bearing checking account and a certificate of deposit. 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:

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

**STARR TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue (Continued)**

*Fire District Fund* – This fund receives property tax money to provide fire protection to the Township.

**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 2002 and 2001 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.

**STARR TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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:

	2002	2001
Demand deposits	\$40,157	\$45,003
Certificates of deposit	1,000	0
Total deposits	\$41,157	\$45,003

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,900	\$53,136	\$4,236
Special Revenue	101,650	103,730	2,080
Total	\$150,550	\$156,866	\$6,316

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,600	\$53,413	\$6,187
Special Revenue	119,495	107,299	12,196
Total	\$179,095	\$160,712	\$18,383

**STARR TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,200	\$53,647	\$6,447
Special Revenue	91,400	99,562	8,162
Total	\$138,600	\$153,209	\$14,609

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,900	\$58,445	\$9,455
Special Revenue	125,549	106,816	18,733
Total	\$193,449	\$165,261	\$28,188

Appropriations exceed estimated resources contrary to Ohio Law.

**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, 2002 was as follows:

	Principal	Interest Rate
Dump Truck Note	\$4,425	8.5%
Loader/Backhoe Capital lease	20,170	5.75%
Total	\$24,595	

**STARR TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. DEBT (Continued)**

The Township obtained a note from Bank One, in 1998, for the purchase of a dump truck along with a bed liner and spreader to be used with the dump truck. The original note amount was for \$22,125 to be repaid in five equal payments of \$4,425 plus interest. The note is secured solely by the truck, truck bed liner and spreader.

The Township entered into a capital lease with Case Credit, in 1999 for the purchase of a Loader/backhoe. The original lease amount was for \$43,466 for 6 years, with annual payments of \$7,465. At the signing of the lease agreement, a grader was traded-in for the loader/backhoe with a trade-in allowance of \$16,000. The trade-in allowance extinguished the outstanding loan balance of \$10,161 on the grader and allowed for a down-payment of \$6,466 on the loader/backhoe lease agreement. This brought the unpaid lease amount to \$37,597. The lease is secured by the loader/backhoe itself. At the end of the lease agreement, the Township has the option to assume ownership of the loader/backhoe at no additional expense.

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

	Dump Truck Note	Loader/Backhoe Capital Lease
Year ending December 31:		
2003	\$4,801	\$7,465
2004		7,465
2005		7,465
Total	\$4,801	\$22,395

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 2002 and 2001, PERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**STARR TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Commercial Property;
- Commercial General Liability
- Commercial Crime.
- Commercial Auto;
- Commercial Inland Marine
- Public Officials Liability.

The Township also provides health insurance coverage for two of the Trustees through a private carrier.



**Auditor of State  
Betty Montgomery**

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

Starr Township  
Hocking County  
21045 State Route 278  
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited the accompanying financial statements of Starr Township, Hocking County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001 and have issued our report thereon dated April 30, 2003. 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 a matter of noncompliance that did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 30, 2003.

**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 did not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 30, 2003.

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Starr Township  
Hocking County  
Independent Accountants' 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 the audit committee, management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 30, 2003



**STARR TOWNSHIP  
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40737-001	The Township incurred expenditures without certification of the Clerk.	Yes	Corrected
2000-40737-002	Actual expenditures exceeded appropriations contrary to ORC 5705.41(B)	Yes	Corrected
2000-40737-003	Appropriations exceeded estimated resources contrary to ORC 5705.39	No	Partially Corrected. We have reported the re-occurrence of this issue, for the year ended December 31, 2001, to management of the Township in a separate letter dated April 30, 2003.
2000-40737-004	Actual receipts exceeded estimated receipts and the additional revenue was spent without amending the official certificate of estimated resources contrary to ORC 5705.36	Yes	Corrected





**Auditor of State  
Betty Montgomery**

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P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**STARR TOWNSHIP**

**HOCKING 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 12, 2003**