



**Auditor of State
Betty Montgomery**

MOOREFIELD TOWNSHIP
CLARK COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Moorefield Township
Clark County
1616 Moorefield Road
Springfield, Ohio 45503

To the Board of Trustees:

We have audited the accompanying financial statements of Moorefield Township (the Township) as of and for the years ended December 31, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 and reserves for encumbrances of the Township as of December 31, 2003 and 2002, 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 July 22, 2004 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 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.

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

Betty Montgomery
Auditor of State

July 22, 2004

**MOOREFIELD TOWNSHIP
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$81,253	\$1,133,286	\$1,214,539
Intergovernmental	250,926	213,735	464,661
Special Assessments	6,196		6,196
Charges for Services		145,263	145,263
Licenses, Permits, and Fees	5,384	634	6,018
Fines, Forfeitures, and Penalties	10,829		10,829
Earnings on Investments	12,279	552	12,831
Miscellaneous Revenue	76,787	36,992	113,779
	<u>443,654</u>	<u>1,530,462</u>	<u>1,974,116</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	149,863	218,874	368,737
Public Safety	86,894	454,090	540,984
Public Works	271,585	532,460	804,045
Health	1,639	1,202	2,841
Conservation - Recreation	1,791		1,791
Debt Service:			
Redemption of Principal		100,000	100,000
Interest and Fiscal Charges		3,748	3,748
Capital Outlay	120,385	456,933	577,318
	<u>632,157</u>	<u>1,767,307</u>	<u>2,399,464</u>
Total Cash Disbursements			
Total Receipts (Under) Disbursements	<u>(188,503)</u>	<u>(236,845)</u>	<u>(425,348)</u>
Other Financing Receipts and (Disbursements):			
Refund of Prior Year Expenditures	54	135	189
Advances-In	50,000	50,000	100,000
Advances-Out	(50,000)	(50,000)	(100,000)
	<u>54</u>	<u>135</u>	<u>189</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(188,449)	(236,710)	(425,159)
Fund Cash Balances, January 1	<u>566,445</u>	<u>846,564</u>	<u>1,413,009</u>
Fund Cash Balances, December 31	<u><u>\$377,996</u></u>	<u><u>\$609,854</u></u>	<u><u>\$987,850</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$9,290</u></u>	<u><u>\$9,290</u></u>

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

MOOREFIELD TOWNSHIP
CLARK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Fiduciary Fund</u>
	<u>Nonexpendable Trust</u>
Non-Operating Cash Receipts:	
Earnings on Investments	\$17
Non-Operating Disbursements	<u>0</u>
Cash Receipts over Cash Disbursements	17
Fund Cash Balance, January 1	<u>1,213</u>
Fund Cash Balance, December 31	<u><u>\$1,247</u></u>

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

**MOOREFIELD TOWNSHIP
CLARK 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$82,514	\$1,104,135	\$1,186,649
Intergovernmental	254,487	203,194	457,681
Special Assessments	5,775		5,775
Charges for Services		140,393	140,393
Licenses, Permits, and Fees	3,626		3,626
Fines, Forfeitures, and Penalties	13,556		13,556
Earnings on Investments	18,042	4,860	22,902
Miscellaneous Revenue	67,104	12,773	79,877
	<u>445,104</u>	<u>1,465,355</u>	<u>1,910,459</u>
Total Cash Receipts			
	<u>445,104</u>	<u>1,465,355</u>	<u>1,910,459</u>
Cash Disbursements:			
Current:			
General Government	130,488	167,469	297,957
Public Safety	69,974	374,458	444,432
Public Works	289,015	557,722	846,737
Health	12,090		12,090
Conservation - Recreation	1,367		1,367
Debt Service:			
Redemption of Principal		100,000	100,000
Interest and Fiscal Charges		4,000	4,000
Capital Outlay	284,432	154,062	438,494
	<u>787,366</u>	<u>1,357,711</u>	<u>2,145,077</u>
Total Cash Disbursements			
	<u>787,366</u>	<u>1,357,711</u>	<u>2,145,077</u>
Total Receipts Over/(Under) Disbursements	(342,262)	107,644	(234,618)
Fund Cash Balances, January 1	<u>908,707</u>	<u>738,920</u>	<u>1,647,627</u>
Fund Cash Balances, December 31	<u><u>\$566,445</u></u>	<u><u>\$846,564</u></u>	<u><u>\$1,413,009</u></u>

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

**MOOREFIELD TOWNSHIP
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Type
	Nonexpendable Trust
Non-Operating Cash Receipts:	
Earnings on Investments	\$22
Non-Operating Disbursements	0
Receipts Over Disbursements	22
Fund Cash Balance, January 1	1,191
Fund Cash Balance, December 31	\$1,235

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

**MOOREFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Moorefield Township, Clark 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 and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Clark County Sheriff to provide police protection 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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and overnight sweep account 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:

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

**MOOREFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Fund - This fund receives tax monies assessed and levied on general assessed valuation of real property and is utilized for the operation of the fire department.

2. Fiduciary Fund

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

Cemetery Bequest Fund – This fund is a non-expendable trust fund which receives amounts donated which will be maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

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 legal level of control and appropriations may not exceed estimated resources. The legal level of control was at the fund, function and object for 2003 and at the fund level in 2002 (with the General Fund at fund/function). 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.

A summary of 2003 and 2002 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**MOOREFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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:

	2003	2002
Demand deposits	\$156,582	\$267,938
Certificates of deposit	832,498	461,277
Total deposits	989,080	729,215
Total investments	0	685,007
Total deposits and investments	\$989,080	\$1,414,222

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

Investments: The Repurchase agreement represents uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$416,388	\$443,708	\$27,320
Special Revenue	1,496,277	1,530,597	34,320
Fiduciary	1	17	16
Total	\$1,912,666	\$1,974,322	\$61,656

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$883,481	\$632,157	\$251,324
Special Revenue	2,342,190	1,776,597	565,593
Fiduciary	1,215	0	1,215
Total	\$3,226,886	\$2,408,754	\$818,132

**MOOREFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$492,712	\$445,104	(\$47,608)
Special Revenue	1,512,995	1,465,355	(47,640)
Fiduciary	1	22	21
Total	\$2,005,708	\$1,910,481	(\$95,227)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,387,048	\$787,366	\$599,682
Special Revenue	2,194,175	1,357,711	836,464
Fiduciary	1,192	0	1,192
Total	\$3,582,415	\$2,145,077	\$1,437,338

The legal level of control was at fund/function/object level for 2003. During 2002, the legal level of control was at the fund level with the General Fund being budgeted at the fund/function level.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceeding 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

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**MOOREFIELD TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. RETIREMENT SYSTEMS (Continued)

For 2003 and 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and from January 1, 2002 through June 30, 2002. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2002. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Moorefield Township
Clark County
1616 Moorefield Road
Springfield, Ohio 45502

To the Board of Trustees:

We have audited the financial statements of Moorefield Township (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 22, 2004. 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. We noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. 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 certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 22, 2004.

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. However, we noted a matter involving the internal control over financial reporting that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-001.

**Internal Control Over Financial Reporting
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 July 22, 2004.

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



Betty Montgomery
Auditor of State

July 22, 2004

**MOOREFIELD TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

REPORTABLE CONDITION

Emergency Medical Services Billings and Service Organization

The Township has delegated emergency medical services (EMS) billing and collection services to a third-party administrator. The Fire Department prepared individual EMS run forms which were submitted to the service organization for billing collection. Payments were received by the Township Clerk and posted to the general ledger. However, the Township did not establish procedures to determine whether the service organization had sufficient controls in place and operating effectively to reduce the risk that these services have not been completely and accurately processed in accordance with the Township's contract

The Township should develop and implement procedures to monitor the service organization's processing of the Township's EMS accounts for reasonableness. This procedure should provide assurance over the completeness and accuracy of billing and should reduce the risk of errors or omissions by the service organization. This may be accomplished by an annual audit of the service provider processing. Statement on Auditing Standards (SAS) No. 70 as amended, prescribes standards for reporting on the processing (i.e. control design and operation) of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No. 70 should provide the Township with an appropriate level of assurance that EMS billings are being processed in conformance with the contract. The Township should consider specifying in their next contract with the third-party administrator that an annual Tier II SAS No.70 audit report be performed and conducted in accordance with American Institute of Certified Public Accounts' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of respective state. The Township should be provided a copy of the SAS 70 report timely and should review the report's content. If the third-party administrator refuses to provide a Tier II SAS 70 report, the Township should only contract with a third-party administrator that will provide such a report.

**MOOREFIELD TOWNSHIP
CLARK 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; <i>Explain:</i>
2001-40312-001	Reconciliation and Monitoring of EMS billings by service organization (Medicount)	Partially corrected. No Tier II SAS No. 70	Reconciliations are being performed by the Township, however Medicount could not provide the required SAS No. 70 report to the Township covering the years being audited.



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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MOOREFIELD TOWNSHIP

CLARK 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
AUGUST 12, 2004**