



**CRANBERRY TOWNSHIP  
CRAWFORD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Cranberry Township  
Crawford County  
6505 State Route 103  
New Washington, Ohio 44854

To the Board of Trustees:

We have audited the accompanying financial statements of Cranberry Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 1999, and December 31, 1998. 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 described 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 Cranberry Township, Crawford County, Ohio, as of December 31, 1999, and December 31, 1998, 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 7, 2000, 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.

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 Section 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 7, 2000



**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>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>(Memorandum Only) Total</u>
<b>Cash Receipts:</b>				
Taxes	\$20,822	\$30,542	\$0	\$51,364
Intergovernmental Receipts	34,885	69,343	0	104,228
Interest	1,516	824	0	2,340
Miscellaneous	132	0	0	132
Total Cash Receipts	<u>57,355</u>	<u>100,709</u>	<u>0</u>	<u>158,064</u>
<b>Cash Disbursements:</b>				
General Government	35,602	0	0	35,602
Public Safety	0	17,036	0	17,036
Public Works	97	63,318	0	63,415
Health	4,162	0	0	4,162
Capital Outlay	0	424	0	424
Total Cash Disbursements	<u>39,861</u>	<u>80,778</u>	<u>0</u>	<u>120,639</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>17,494</u>	<u>19,931</u>	<u>0</u>	<u>37,425</u>
Other Financing Sources (uses)				
Operating Transfers In	0	3,082	0	3,082
Operating Transfers Out	0	0	(3,082)	(3,082)
Total Other Financing Sources (uses)	<u>0</u>	<u>3,082</u>	<u>(3,082)</u>	<u>0</u>
Total of Cash Receipts and Other Financing Sources Over (under) Cash Disbursements and Other Financing Uses	<u>17,494</u>	<u>23,013</u>	<u>(3,082)</u>	<u>37,425</u>
Fund Cash Balances, January 1, 1999	<u>9,487</u>	<u>25,498</u>	<u>3,082</u>	<u>38,067</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$26,981</u></b>	<b><u>\$48,511</u></b>	<b><u>\$0</u></b>	<b><u>\$75,492</u></b>
Fund Balance Reserved for Encumbrances	<u>\$0</u>	<u>\$9,108</u>	<u>\$0</u>	<u>\$9,108</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>(Memorandum Only) Total</u>
<b>Cash Receipts:</b>				
Taxes	\$21,583	\$29,140	\$0	\$50,723
Intergovernmental Receipts	18,554	65,419	0	83,973
Interest	1,298	635	0	1,933
Miscellaneous	875	0	0	875
<b>Total Cash Receipts</b>	<u>42,310</u>	<u>95,194</u>	<u>0</u>	<u>137,504</u>
<b>Cash Disbursements:</b>				
General Government	37,515	18,890	0	56,405
Public Safety	0	650	0	650
Public Works	0	73,526	0	73,526
Health	4,930	0	0	4,930
Capital Outlay	0	3,152	1,039	4,191
<b>Total Cash Disbursements</b>	<u>42,445</u>	<u>96,218</u>	<u>1,039</u>	<u>139,702</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(135)	(1,024)	(1,039)	(2,198)
Fund Cash Balances, January 1, 1998	<u>9,622</u>	<u>26,522</u>	<u>4,121</u>	<u>40,265</u>
<b>Fund Cash Balances, December 31, 1998</b>	<u><b>\$9,487</b></u>	<u><b>\$25,498</b></u>	<u><b>\$3,082</b></u>	<u><b>\$38,067</b></u>
Fund Balance Reserved for Encumbrances	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Cranberry Township, Crawford 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, bridge and cemetery maintenance. The Township contracts with the Village of New Washington to provide fire and ambulance 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 that is 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.

Gasoline Tax and Motor Vehicle License Tax Funds - These funds receive gasoline tax and motor vehicle license tax money to pay for constructing, maintaining and repairing Township roads.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. FUND ACCOUNTING (Continued)**

**3. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition of fire equipment.

**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.

A summary of 1999 and 1998 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**

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:

	<b>1999</b>	<b>1998</b>
Deposits	\$24,367	\$38,067
Certificates of deposit	51,125	0
Total deposits	\$75,492	\$38,067

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999, and December 31, 1998 follows:

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,026	\$57,355	\$17,329
Special Revenue	93,485	103,791	10,306
Capital Project	0	0	\$0
Total	<u>\$133,511</u>	<u>\$161,146</u>	<u>\$27,635</u>

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

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,000	\$39,861	\$8,139
Special Revenue	113,437	89,886	23,551
Capital Project	3,082	3,082	0
Total	<u>\$164,519</u>	<u>\$132,829</u>	<u>\$31,690</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,003	\$42,310	\$3,307
Special Revenue	90,860	95,194	4,334
Capital Project	0	0	0
Total	<u>\$129,863</u>	<u>\$137,504</u>	<u>\$7,641</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,000	\$42,445	\$2,555
Special Revenue	108,270	96,218	12,052
Capital Project	4,121	1,039	3,082
Total	<u>\$157,391</u>	<u>\$139,702</u>	<u>\$17,689</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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 officials 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. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

**7. COMPLIANCE**

Expenditures were not always certified by the Clerk prior to the purchase of goods or services.

The Township did not require the contractor to agree in the contract to pay prevailing wages for the 1998 or 1999 Township road projects.



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

Cranberry Township  
Crawford County  
6505 State Route 103  
New Washington, Ohio 44854

To the Board of Trustees:

We have audited the financial statements of Cranberry Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 7, 2000. 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40517-001 through 1999-40517-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 7, 2000.

**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 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 7, 2000.

This report is intended 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.

**JIM PETRO**  
Auditor of State

March 7, 2000

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>1999-40517-001</b>	
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**Certification by Fiscal Officer**

Ohio Rev. Code Section 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrance.

The Township expended funds without obtaining prior certification from the Clerk in 82% of expenditure transactions tested.

We recommend the Clerk certify all expenditures prior to the purchase of goods or services.

<b>1999-40517-002</b>	
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**Prevailing Wages**

Ohio Rev. Code Sections 4115.04 and 4115.05 state the prevailing wage laws essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project that they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

The Township did not require the contractor to agree in the contract to pay prevailing wages for the 1998 or 1999 Township road projects.

We recommend the Township require contractors to agree, in writing, to pay prevailing wages for all contracts involving labor.

<b>1999-40517-003</b>	
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**Finding Repaid Under Audit**

In 1999, Cranberry Township received motor vehicle gas tax money from the County Auditor that was due Chatfield Township, Crawford County in the amount of \$1,238.43. This motor vehicle gas tax money was receipted into Cranberry Township's Gasoline Tax Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against the Cranberry Township Gasoline Tax fund and in favor of the Chatfield Township Gasoline Tax fund in the amount of \$1,238.43.

Cranberry Township paid Chatfield Township the amount of \$1,238.43 on February 26, 2000.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**CRANBERRY TOWNSHIP**

**CRAWFORD 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  
MARCH 28, 2000**