



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Finding	11

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

Rose Township
Carroll County
3106 Irish Road NW
Magnolia, Ohio 44643

To the Board of Trustees:

We have audited the accompanying financial statements of Rose Township, Carroll 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 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 Rose Township 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 May 15, 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 the audit committee, management and 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".

Jim Petro
Auditor of State

May 15, 2000

**ROSE TOWNSHIP
 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes Receipts	\$6,181	\$77,391	\$3,000	\$86,572
Intergovernmental Receipts	17,143	73,048		90,191
Interest	192	462		654
Other Revenue	745	20,834		21,579
	<u>24,261</u>	<u>171,735</u>	<u>3,000</u>	<u>198,996</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	11,743			11,743
Public Safety		27,515		27,515
Public Works		136,217		136,217
Health	6,942			6,942
Debt Service:				
Redemption of Principal	5,721		4,500	10,221
Interest and Fiscal Charges	1,103			1,103
	<u>25,509</u>	<u>163,732</u>	<u>4,500</u>	<u>193,741</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(1,248)</u>	<u>8,003</u>	<u>(1,500)</u>	<u>5,255</u>
Fund Cash Balances, January 1	<u>3,701</u>	<u>18,480</u>	<u>1,500</u>	<u>23,681</u>
Fund Cash Balances, December 31	<u>\$2,453</u>	<u>\$26,483</u>	<u>1,500</u>	<u>\$28,936</u>

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

**ROSE TOWNSHIP
 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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes Receipts	\$5,641	\$73,685	\$3,000	\$82,326
Intergovernmental Receipts	10,594	70,137		80,731
Interest	310	423		733
Other Revenue	5,960	13,755		19,715
	<u>22,505</u>	<u>158,000</u>	<u>3,000</u>	<u>183,505</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	16,665			16,665
Public Safety		27,532		27,532
Public Works	50	125,277		125,327
Health	7,158			7,158
Debt Service:				
Redemption of Principal	462	1,703	2,500	4,665
Interest and Fiscal Charges	188	676	500	1,364
	<u>24,523</u>	<u>155,188</u>	<u>3,000</u>	<u>182,711</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(2,018)</u>	<u>2,812</u>		<u>794</u>
Fund Cash Balances, January 1	<u>5,719</u>	<u>15,668</u>	<u>1,500</u>	<u>22,887</u>
Fund Cash Balances, December 31	<u>\$3,701</u>	<u>\$18,480</u>	<u>\$1,500</u>	<u>\$23,681</u>

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

**ROSE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Rose Township, Carroll 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, including road and bridge maintenance and cemetery maintenance. The Township contracts with three volunteer fire departments to provide fire protection.

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 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 to pay for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives gasoline tax money, which is used for maintaining and repairing Township road and bridges.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant debt service fund:

Debt Service Fund - This fund is used to account for monies received from taxes for the payment of debt principal and interest.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 cancelled and reappropriated in the subsequent year. The Township did not encumber all commitments as required by Ohio law during 1999 and 1998.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. 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. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$28,936	\$23,681
Deposits: Deposits are insured by the Federal Depository Insurance Corporation.		

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,991	\$24,261	(\$730)
Special Revenue	171,476	171,735	259
Debt Service	3,000	3,000	0
Total	\$199,467	\$198,996	(\$471)

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,992	\$25,509	\$2,483
Special Revenue	180,104	163,732	16,372
Debt Service	4,500	4,500	0
Total	<u>\$212,596</u>	<u>\$193,741</u>	<u>\$18,855</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,411	\$22,505	\$94
Special Revenue	164,385	158,000	(6,385)
Debt Service	3,000	3,000	0
Total	<u>\$189,796</u>	<u>\$183,505</u>	<u>(\$6,291)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$29,954	\$24,523	\$5,431
Special Revenue	183,989	155,188	28,801
Debt Service	4,500	3,000	1,500
Total	<u>\$218,443</u>	<u>\$182,711</u>	<u>\$35,732</u>

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.

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	\$10,124	6.565%

The proceeds of the note were used to purchase a dump truck. Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Note
2000	\$6,029
2001	6,029
2002	128
Total	\$12,186

6. RETIREMENT SYSTEM

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.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS 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.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Association (OTARMA) and has obtained insurance for the following risks:

- Comprehensive property and general liability
- Vehicle
- Errors and omissions
- Building and contents
- Public officials liability

The Township also provides health insurance to full-time employees through a private carrier.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

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

Rose Township
Carroll County
3106 Irish Road NW
Magnolia, Ohio 44643

To the Board of Trustees:

We have audited the accompanying financial statements of Rose Township, Carroll County (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 15, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-41210-001. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Township in a separate letter dated May 15, 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 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 May 15, 2000.

This report is intended 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 15, 2000

**ROSE TOWNSHIP
SCHEDULE OF FINDING
DECEMBER 31, 1999 AND 1998**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	1999-41210-001
-----------------------	-----------------------

1. **Ohio Revised Code § 5705.41 (D)** states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. **Then and Now Certificate** - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Ohio Revised Code § 5705.413 also provides an exception to the aforementioned requirements:

- C. A township with total receipts for the prior fiscal year of three hundred fifty thousand dollars or less may make any purchase order or contract and give any order involving the expenditure of money without obtaining the certificate otherwise required under division (D) of § 5705.41 of the Revised Code, provided that the total amount involved is not more than seven hundred and fifty dollars. The use of this exception must be formally adopted by a resolution of the Board of Trustees.

During 1999, 84% of liabilities, contracts, and open purchase commitments tested were not certified by the Clerk and were not encumbered until the time of payment. During 1998, 76% of liabilities, contracts, and open purchase commitments tested were not certified by the Clerk and were not encumbered until the time of payment. The Township did not use Then and Now certificates and these commitments were not subsequently approved by the Board of Trustees within the aforementioned 30 day time period, nor was a resolution passed designating an employee to purchase without the prior certification of the Clerk.

The Township Board of Trustees should make sure that each liability, contract and open purchase commitment has been certified by the Clerk and has been properly encumbered prior to making the expenditure.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ROSE TOWNSHIP

CARROLL 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 27, 2000