



**SAINT JOSEPH TOWNSHIP
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SAINT JOSEPH TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Saint Joseph Township
Williams County
3485 County Road D50
Edgerton, Ohio 43517-9786

To the Board of Trustees:

We have audited the accompanying financial statements of Saint Joseph Township, Williams County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 1999 and 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 June 16, 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 § 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

June 16, 2000

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**SAINT JOSEPH 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> | |
| Cash Receipts: | | | |
| Local Taxes | \$27,401 | \$71,102 | \$98,503 |
| Intergovernmental | 33,844 | 70,275 | 104,119 |
| Licenses, Permits, and Fees | 602 | | 602 |
| Fines, Forfeitures, and Penalties | 1,000 | | 1,000 |
| Earnings on Investments | 6,250 | 4,720 | 10,970 |
| Other Revenue | 4,592 | | 4,592 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 73,689 | 146,097 | 219,786 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 53,311 | 26,786 | 80,097 |
| Public Safety | | 239 | 239 |
| Public Works | 20,969 | 71,417 | 92,386 |
| Health | 5,936 | | 5,936 |
| Human Services | | 755 | 755 |
| Capital Outlay | 12,508 | | 12,508 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 92,724 | 99,197 | 191,921 |
| Total Cash Receipts Over/(Under) Cash Disbursements | <hr/> | <hr/> | <hr/> |
| | (19,035) | 46,900 | 27,865 |
| Other Financing Receipts: | | | |
| Other Sources | 16 | | 16 |
| | <hr/> | <hr/> | <hr/> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements | (19,019) | 46,900 | 27,881 |
| Fund Cash Balances, January 1 | 141,815 | 191,393 | 333,208 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | \$122,796 | \$238,293 | \$361,089 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Reserve for Encumbrances, December 31 | | | |

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

**SAINT JOSEPH TOWNSHIP, WILLIAMS COUNTY
 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> | |
| Cash Receipts: | | | |
| Local Taxes | \$20,124 | \$61,105 | \$81,229 |
| Intergovernmental | 55,237 | 64,924 | 120,161 |
| Earnings on Investments | 2,485 | 5,677 | 8,162 |
| Other Revenue | 4,265 | 488 | 4,753 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 82,111 | 132,194 | 214,305 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 55,303 | 13,199 | 68,502 |
| Public Safety | 37 | 652 | 689 |
| Public Works | 604 | 95,290 | 95,894 |
| Health | 5,036 | | 5,036 |
| Capital Outlay | | 5,000 | 5,000 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 60,980 | 114,141 | 175,121 |
| Total Cash Receipts Over Cash Disbursements | <hr/> | <hr/> | <hr/> |
| | 21,131 | 18,053 | 39,184 |
| Other Financing Receipts: | | | |
| Other Sources | <hr/> | <hr/> | <hr/> |
| | 1,943 | | 1,943 |
| Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements | 23,074 | 18,053 | 41,127 |
| Fund Cash Balances, January 1 | <hr/> | <hr/> | <hr/> |
| | 118,741 | 173,340 | 292,081 |
| Fund Cash Balances, December 31 | <u>\$141,815</u> | <u>\$191,393</u> | <u>\$333,208</u> |
| Reserve for Encumbrances, December 31 | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | \$60 | | \$60 |

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Saint Joseph Township, Williams 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 the Village of Edgerton 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 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.

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

**SAINT JOSEPH TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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 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. The Township did not encumber all commitments required by Ohio law.

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.

G. Unpaid Vacation and Sick Leave

The Employee is 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.

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:

| | 1999 | 1998 |
|-------------------------|-------------|-------------|
| Demand deposits | \$191,832 | \$170,463 |
| Certificates of deposit | 169,257 | 162,745 |
| Total deposits | \$361,089 | \$333,208 |

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

SAINT JOSEPH TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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 | \$93,500 | \$73,705 | (\$19,795) |
| Special Revenue | 138,895 | 146,097 | 7,202 |
| Total | \$232,395 | \$219,802 | (\$12,593) |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$235,314 | \$92,724 | \$142,590 |
| Special Revenue | 329,767 | 99,197 | 230,570 |
| Total | \$565,081 | \$191,921 | \$373,160 |

| 1998 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$92,215 | \$84,054 | (\$8,161) |
| Special Revenue | 131,270 | 132,194 | 924 |
| Total | \$223,485 | \$216,248 | (\$7,237) |

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$209,388 | \$61,040 | \$148,348 |
| Special Revenue | 304,088 | 114,141 | 189,947 |
| Total | \$513,476 | \$175,181 | \$338,295 |

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

SAINT JOSEPH TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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.

Public utilities are also taxed on personal and real property located within the Township.

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

Township personnel belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement 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 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 is a member of the Ohio Governmental Risk Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Township's policy. The following risk are covered by the Plan:

- General liability and casualty
- Vehicles
- Public official's liability



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

Saint Joseph Township
Williams County
3485 County Road D50
Edgerton, Ohio 43517-9786

To the Board of Trustees:

We have audited the accompanying financial statements of Saint Joseph Township, Williams County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 16, 2000. We conducted our audits 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 1999-40186-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 June 16, 2000.

Saint Joseph Township
Williams County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 16, 2000

**SAINT JOSEPH TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 1999-40186-001

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exception to this basic requirement is provided by statute:

- A. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B. Amounts of less than \$1,000 for political subdivisions (other than counties), may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Sixty-three percent of the transactions tested were not certified at the time the commitments were incurred. These commitments were not subsequently approved by the Trustees within the aforementioned 30 day time period.

We recommend the Clerk certify the amount required to meet a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance prior to placing an order. In instances where prior certification is not practical, we recommend issuance of a "then and now" certificate.

**SAINT JOSEPH TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|---|------------------|--|
| 1997-40186-001 | Ohio Revised Code § 5705.41(D), Failure to encumber funds | No | Not Corrected. Township will process purchase orders and request for payments in advance of acquisition of goods and services. |



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Facsimile 614-466-4490

SAINT JOSEPH TOWNSHIP

WILLIAMS 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 18, 2000**