



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

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**STATE OF OHIO**



**SPRIGG TOWNSHIP  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Sprigg Township  
Adams County  
3106 Cabin Creek Road  
Manchester, Ohio 45144

To the Board of Trustees:

We have audited the accompanying financial statements of Sprigg Township, Adams 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 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 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 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, the Board 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.

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**Jim Petro**  
Auditor of State

May 15, 2000

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**SPRIGG 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**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$68,633	\$91,484	\$160,117
Intergovernmental	30,360	63,555	93,915
Earnings on Investments	539	136	675
Other Revenue	0	3,201	3,201
 Total Cash Receipts	 99,532	 158,376	 257,908
<b>Cash Disbursements:</b>			
Current:			
General Government	34,990	0	34,990
Public Safety	8,199	0	8,199
Public Works	756	104,200	104,956
Health	43,003	0	43,003
Capital Outlay	0	101,002	101,002
 Total Cash Disbursements	 86,948	 205,202	 292,150
 Total Receipts Over/(Under) Disbursements	 12,584	 (46,826)	 (34,242)
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources - Proceeds of Note	0	40,000	40,000
Transfers-In	0	18,000	18,000
Transfers-Out	(18,000)	0	(18,000)
Total Other Financing Receipts/(Disbursements)	(18,000)	58,000	40,000
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (5,416)	 11,174	 5,758
 Fund Cash Balances, January 1	 20,320	 21,688	 42,008
 <b>Fund Cash Balances, December 31</b>	 <b>\$14,904</b>	 <b>\$32,862</b>	 <b>\$47,766</b>
 Reserve for Encumbrances, December 31	 \$71	 \$192	 \$263

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

**SPRIGG 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$66,505	\$88,647	\$155,152
Intergovernmental	28,827	62,602	91,429
Earnings on Investments	459	298	757
Other Revenue	6,076	0	6,076
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	101,867	151,547	253,414
<b>Cash Disbursements:</b>			
Current:			
General Government	33,697	0	33,697
Public Safety	8,494	0	8,494
Public Works	884	79,350	80,234
Health	46,467	0	46,467
Miscellaneous	510	0	510
Capital Outlay	0	86,957	86,957
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	90,052	166,307	256,359
Total Receipts Over/(Under) Disbursements	11,815	(14,760)	(2,945)
<b>Other Financing Receipts/(Disbursements):</b>			
Sale of Assets - Truck	0	9,500	9,500
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	9,500	9,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,815	(5,260)	6,555
Fund Cash Balances, January 1	8,505	26,948	35,453
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$20,320</u></b>	<b><u>\$21,688</u></b>	<b><u>\$42,008</u></b>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sprigg Township, Adams 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 and bridge maintenance and 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. Cash Deposits**

The Township maintains all funds in an interest-bearing checking account.

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

*Motor Vehicle License Tax Fund* - Receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$47,766</u>	<u>\$42,008</u>

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

**SPRIGG 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	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,742	\$99,532	\$5,790
Special Revenue	<u>149,170</u>	<u>216,376</u>	<u>67,206</u>
Total	<u><u>\$242,912</u></u>	<u><u>\$315,908</u></u>	<u><u>\$72,996</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,248	\$105,019	(\$6,771)
Special Revenue	<u>201,026</u>	<u>205,394</u>	<u>(4,368)</u>
Total	<u><u>\$299,274</u></u>	<u><u>\$310,413</u></u>	<u><u>(\$11,139)</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,031	\$101,867	\$12,836
Special Revenue	<u>145,089</u>	<u>161,047</u>	<u>15,958</u>
Total	<u><u>\$234,120</u></u>	<u><u>\$262,914</u></u>	<u><u>\$28,794</u></u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,537	\$90,052	\$7,485
Special Revenue	<u>169,744</u>	<u>166,307</u>	<u>3,437</u>
Total	<u><u>\$267,281</u></u>	<u><u>\$256,359</u></u>	<u><u>\$10,922</u></u>

During 1999, disbursements exceeded appropriations in the Road and Bridge Fund as well as in the General Fund. During 1998, disbursements exceeded appropriations in the Gas Fund.

During 1999, appropriations exceeded total certified resources in the Gas Fund and Motor Vehicle Fund and in 1998 appropriations exceeded total certified resources in the Motor Vehicle Fund.

**SPRIGG TOWNSHIP**  
**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 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**

Note outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Road Repair Loan	<u>\$40,000</u>	5%

The loan was entered into to finance road repair for the Township. The loan is unsecured.

Amortization of the above loan, including interest of \$1,448, is scheduled as follows:

Year ending December 31:	Note
2000	<u>41,448</u>

**6. RETIREMENT SYSTEMS**

The Township's full-time 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 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 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.

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

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

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

Sprigg Township  
Adams County  
3106 Cabin Creek Road  
Manchester, Ohio 45144

To the Board of Trustees:

We have audited the accompanying financial statements of Sprigg Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 1999 and 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 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 which are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 1999-40401-001 and 1999-40401-002. We also noted certain immaterial instances of noncompliance that 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 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 May 15, 2000.

Sprigg Township  
Adams 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.

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**Jim Petro**  
Auditor of State

May 15, 2000



**SPRIGG 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 1999-40401-001**

Ohio Rev. Code, Section 5705.41(B), prohibits expenditures unless properly appropriated. The Township had expenditures in excess of appropriations as follows:

<u>Year</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
1999	General	\$98,248	\$105,019	\$6,771
1999	Road and Bridge	96,033	146,214	50,181

Not monitoring appropriations and expenditures could result in the Township overextending its resources and/or committing the Township to obligations that it does not have the ability to pay.

The Township should monitor its budgetary compliance on a monthly basis and make adjustments as required.

**FINDING NUMBER 1999-40401-002**

Ohio Rev. Code, Section 5705.39, prohibits appropriations in excess of estimated revenue. The Township had appropriations in excess of estimated revenues as follows:

<u>Year</u>	<u>Fund</u>	<u>Estimated Revenue</u>	<u>Appropriations</u>	<u>Variance</u>
1999	Gas	\$68,603	\$80,683	\$12,080
	Motor Vehicle	12,482	24,310	11,828
1998	Motor Vehicle	12,182	20,407	8,225

The Township should monitor its appropriations throughout the year to assure they don't exceed estimated revenue.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**SPRIGG TOWNSHIP**

**ADAMS 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 6, 2000**