



**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

St. Marys Township
Auglaize County
02386 State Route 219
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the accompanying financial statements of St. Marys Township, Auglaize County, (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 St. Marys Township, Auglaize County, 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 March 17, 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.

JIM PETRO
Auditor of State

March 17, 2000

St. Marys 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	\$10,306	\$269,027	\$279,333
Intergovernmental	104,231	98,361	202,592
Special Assessments	0	5,342	5,342
Licenses, Permits, and Fees	3,684	0	3,684
Earnings on Investments	22,032	6,280	28,312
Other Revenue	348	7,364	7,712
	<u>140,601</u>	<u>386,374</u>	<u>526,975</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	61,095	0	61,095
Public Safety	83,000	116,081	199,081
Public Works	0	117,790	117,790
Health	268	0	268
Capital Outlay	179,863	331,978	511,841
	<u>324,226</u>	<u>565,849</u>	<u>890,075</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(183,625)</u>	<u>(179,475)</u>	<u>(363,100)</u>
Other Financing Receipts:			
Other Sources	208	0	208
	<u>208</u>	<u>0</u>	<u>208</u>
Total Other Financing Receipts			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(183,417)	(179,475)	(362,892)
Fund Cash Balances, January 1	<u>235,543</u>	<u>515,861</u>	<u>751,404</u>
Fund Cash Balances, December 31	<u>\$52,126</u>	<u>\$336,386</u>	<u>\$388,512</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$10,114	\$256,535	\$0	\$266,649
Intergovernmental	72,979	101,660	44,700	219,339
Special Assessments	0	5,217	0	5,217
Licenses, Permits, and Fees	3,855	0	0	3,855
Earnings on Investments	30,088	4,663	0	34,751
Other Revenue	13,754	40,265	0	54,019
Total Cash Receipts	<u>130,790</u>	<u>408,340</u>	<u>44,700</u>	<u>583,830</u>
Cash Disbursements:				
Current:				
General Government	88,091	0	0	88,091
Public Safety	0	102,830	0	102,830
Public Works	0	136,384	0	136,384
Health	267	0	0	267
Capital Outlay	86,362	122,489	44,700	253,551
Total Cash Disbursements	<u>174,720</u>	<u>361,703</u>	<u>44,700</u>	<u>581,123</u>
Total Receipts Over/(Under) Disbursements	<u>(43,930)</u>	<u>46,637</u>	<u>0</u>	<u>2,707</u>
Other Financing Receipts:				
Other Sources	137	0	0	137
Total Other Financing Receipts	<u>137</u>	<u>0</u>	<u>0</u>	<u>137</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(43,793)	46,637	0	2,844
Fund Cash Balances, January 1	<u>279,336</u>	<u>469,224</u>	<u>0</u>	<u>748,560</u>
Fund Cash Balances, December 31	<u>\$235,543</u>	<u>\$515,861</u>	<u>\$0</u>	<u>\$751,404</u>
Reserve for Encumbrances, December 31	<u>\$177,150</u>	<u>\$184,782</u>	<u>\$0</u>	<u>\$361,932</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

St. Marys Township, Auglaize 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 fire protection. The Township contracts with the City of St. Marys to provide ambulance services. The Township also contracts with Auglaize County to provide police 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 and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund - This fund receives proceeds from a property tax levy for obtaining fire protection services for the Township residents.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Public Works Project Fund - The Township received a grant from the State of Ohio to repair and maintain several roads within the Township.

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 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$87,192	\$129,408
STAR Ohio	301,320	621,996
Total deposits and investments	<u>\$388,512</u>	<u>\$751,404</u>

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: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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	\$139,448	\$140,809	\$1,361
Special Revenue	<u>529,565</u>	<u>386,374</u>	<u>(143,191)</u>
Total	<u>\$669,013</u>	<u>\$527,183</u>	<u>(\$141,830)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$374,991	\$324,226	\$50,765
Special Revenue	<u>1,045,421</u>	<u>565,849</u>	<u>479,572</u>
Total	<u>\$1,420,412</u>	<u>\$890,075</u>	<u>\$530,337</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,360	\$130,927	\$34,567
Special Revenue	355,976	408,340	52,364
Capital Projects	<u>44,700</u>	<u>44,700</u>	<u>0</u>
Total	<u>\$497,036</u>	<u>\$583,967</u>	<u>\$86,931</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$375,695	\$351,870	\$23,825
Special Revenue	824,856	546,485	278,371
Capital Projects	44,700	44,700	0
Total	\$1,245,251	\$943,055	\$302,196

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.

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 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, 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 Township Association Risk Management Authority (OTARMA), a local government risk pool. The "Pool" assumes the risk of loss up to the limits of the Township's policy. The following risks are covered by the Pool:

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

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

St. Marys Township
Auglaize County
02386 State Route 219
St. Marys, Ohio 45885

To the Board of Trustees:

We have audited the accompanying financial statements of St. Marys Township, Auglaize County, (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 17, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 17, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 17, 2000.

St. Marys Township
Auglaize County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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.

JIM PETRO
Auditor of State

March 17, 2000



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ST MARYS TOWNSHIP

AUGLAIZE 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
MAY 4, 2000**