



**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Auglaize Township
Allen County
7890 Faulkner Road
Harrod, Ohio 45850

To the Board of Trustees:

We have audited the accompanying financial statements of Auglaize Township, Allen County, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 the Township as of December 31, 2000 and 1999, 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 February 16, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, and 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.

Jim Petro
Auditor of State

February 16, 2001

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**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$15,338	\$172,152		\$187,490
Intergovernmental	66,623	82,124	74,845	223,592
Licenses, Permits, and Fees	1,476	14,259		15,735
Earnings on Investments	16,741	3,205		19,946
Other Revenue		3,795		3,795
				<hr/>
Total Cash Receipts	<u>100,178</u>	<u>275,535</u>	<u>74,845</u>	<u>450,558</u>
Cash Disbursements:				
Current:				
General Government	52,883			52,883
Public Safety		116,747		116,747
Public Works	2,148	115,573		117,721
Health	7,358	17,965		25,323
Capital Outlay			74,845	74,845
				<hr/>
Total Cash Disbursements	<u>62,389</u>	<u>250,285</u>	<u>74,845</u>	<u>387,519</u>
Total Receipts Over/(Under) Disbursements	37,789	25,250	0	63,039
Other Financing Receipts:				
Sale of Fixed Assets	179			179
				<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	37,968	25,250	0	63,218
Fund Cash Balances, January 1	<u>276,808</u>	<u>133,848</u>	<u>0</u>	<u>410,656</u>
Fund Cash Balances, December 31	<u><u>\$314,776</u></u>	<u><u>\$159,098</u></u>	<u><u>\$0</u></u>	<u><u>\$473,874</u></u>

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

**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

**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	\$14,863	\$165,183	\$180,046
Intergovernmental	58,126	85,310	143,436
Licenses, Permits, and Fees	2,731	13,825	16,556
Earnings on Investments	12,809	2,465	15,274
Other Revenue		4,600	4,600
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	88,529	271,383	359,912
Cash Disbursements:			
Current:			
General Government	54,138		54,138
Public Safety		118,500	118,500
Public Works	2,025	107,224	109,249
Health	7,381	15,887	23,268
Capital Outlay	1,675		1,675
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	65,219	241,611	306,830
Total Receipts Over/(Under) Disbursements	23,310	29,772	53,082
Other Financing Receipts:			
Other Sources	1,170		1,170
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	24,480	29,772	54,252
Fund Cash Balances, January 1	252,328	104,076	356,404
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$276,808</u>	<u>\$133,848</u>	<u>\$410,656</u>

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

**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Auglaize Township, Allen 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of West Minister and the Village of Harrod to provide fire services and the Village of Harrod to provide 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

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 from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire Fund - This fund receives property tax money for fire protection and emergency medical services.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund.

Issue II Fund - The Township received a grant from the State of Ohio to replace a culvert on Any Avenue.

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. 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 canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 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.

**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are 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:

	<u>2000</u>	<u>1999</u>
Deposits:		
Demand deposits	\$178,019	\$132,619
Investments:		
STAR Ohio	<u>295,855</u>	<u>278,037</u>
Total deposits and investments	<u><u>\$473,874</u></u>	<u><u>\$410,656</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (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, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,219	\$100,357	\$35,138
Special Revenue	253,412	275,535	22,123
Capital Projects	<u>0</u>	<u>74,845</u>	<u>74,845</u>
Total	<u><u>\$318,631</u></u>	<u><u>\$450,737</u></u>	<u><u>\$132,106</u></u>

**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$342,028	\$62,389	\$279,639
Special Revenue	386,959	250,285	136,674
Capital Projects	0	74,845	(74,845)
Total	<u>\$728,987</u>	<u>\$387,519</u>	<u>\$341,468</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,352	\$89,699	\$39,347
Special Revenue	233,372	271,383	38,011
Total	<u>\$283,724</u>	<u>\$361,082</u>	<u>\$77,358</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$302,680	\$65,219	\$237,461
Special Revenue	337,448	241,611	95,837
Total	<u>\$640,128</u>	<u>\$306,830</u>	<u>\$333,298</u>

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources. Also, Ohio Rev. Code Section 5705.41 (B) states money is not to be expended unless appropriated. The significant variances shown above for the Capital Projects Fund were for Issue II money received in 2000. This Issue II money was paid on behalf of the Township which means that the Township did not actually receive and disburse cash. Since this did not pose a potential loss of revenue or the improper expenditure of money no budgetary citation was issued.

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.

**AUGLAIZE TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

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 full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer pension 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 2000 and 1999, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during the period January 1, 1999 through June 30, 2000. During the period of July 1, 2000 through December 31, 2000 there was a temporary reduction which reduced the employer rate to 8.13%. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The OTARMA assumes the risk of loss up to the limits of the Township's policy. The OTARMA may assess supplemental premiums. The following risks are covered by OTARMA:

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

The Township also provides health and life insurance coverage to the elected officials through a private carrier.

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

Auglaize Township
Allen County
7890 Faulkner Road
Harrod, Ohio 45850

To the Board of Trustees:

We have audited the financial statements of Auglaize Township, Allen County (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 16, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated February 16, 2001.

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 February 16, 2001.

Auglaize Township
Allen 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.

Jim Petro
Auditor of State

February 16, 2001



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AUGLAIZE TOWNSHIP

ALLEN 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
APRIL 3, 2001**