



**FALLSBURY TOWNSHIP
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

FALLSBURY TOWNSHIP
LICKING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Fallsbury Township
Licking County
11040 Fallsburg Road, NE
Frazeesburg, Ohio 43822

We have audited the accompanying financial statements of Fallsbury Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 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 auditing standards generally accepted in the United States of America 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 reserve for encumbrances of Fallsbury Township, Licking County, Ohio, as of December 31, 2000 and December 31, 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 June 22, 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 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.

JIM PETRO
Auditor of State

June 22, 2001

**FALLSBURY TOWNSHIP
LICKING COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$17,732	\$33,937	\$51,669
Intergovernmental	40,724	63,079	103,803
Licenses, Permits, and Fees	550	0	550
Interest	1,500	1,215	2,715
Other Receipts	1	675	676
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	60,507	98,906	159,413
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	42,360	0	42,360
Public Safety	0	25,917	25,917
Public Works	7,600	84,484	92,084
Health	4,618	0	4,618
Capital Outlay	0	380	380
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,578	110,781	165,359
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	5,929	(11,875)	(5,946)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2000	15,584	79,144	94,728
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2000	<u>\$21,513</u>	<u>\$67,269</u>	<u>\$88,782</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31, 2000	\$0	\$5,132	\$5,132
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The notes to the financial statements are an integral part of this statement.

**FALLSBURY TOWNSHIP
LICKING 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	\$16,171	\$31,956	\$48,127
Intergovernmental	31,023	72,032	103,055
Licenses, Permits, and Fees	550	0	550
Interest	961	941	1,902
Other Receipts	10	375	385
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	48,715	105,304	154,019
Cash Disbursements:			
Current:			
General Government	38,715	0	38,715
Public Safety	0	25,896	25,896
Public Works	5,000	66,913	71,913
Health	4,011	0	4,011
Debt Service:			
Redemption of Principal	1,195	0	1,195
Interest and Fiscal Charges	25	0	25
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	48,946	92,809	141,755
Total Cash Receipts Over/(Under) Cash Disbursements	(231)	12,495	12,264
Fund Cash Balances, January 1, 1999	15,816	66,648	82,464
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 1999	<u>\$15,585</u>	<u>\$79,143</u>	<u>\$94,728</u>
Reserve for Encumbrances, December 31, 1999	<u>\$74</u>	<u>\$2,951</u>	<u>\$3,025</u>

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

**FALLSBURY TOWNSHIP
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Fallsbury Township, Licking 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 Mary Ann Township to provide fire and emergency 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. 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.

Fire Levy Fund - This fund accounts for the proceeds of the special levy used to support the Townships fire protection service.

FALLSBURY TOWNSHIP
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 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 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 commitments are made. Encumbrances at the end of the year are carried forward and need not be re-appropriated in the subsequent year.

A summary of 2000 and 1999 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 a pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The cash balances at December 31 were as follows:

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$88,781</u>	<u>\$94,727</u>

Deposits: The deposits are insured by the Federal Depository Insurance Corporation up to \$100,000 per financial institution.

**FALLSBURY TOWNSHIP
LICKING COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 were as follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,405	\$60,507	\$6,102
Special Revenue	<u>112,039</u>	<u>98,906</u>	<u>(13,133)</u>
Total	<u>\$166,444</u>	<u>\$159,413</u>	<u>(\$7,031)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,680	\$54,504	\$9,176
Special Revenue	<u>160,575</u>	<u>112,962</u>	<u>47,613</u>
Total	<u>\$224,255</u>	<u>\$167,466</u>	<u>\$56,789</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,045	\$48,715	\$1,670
Special Revenue	<u>106,185</u>	<u>105,304</u>	<u>(881)</u>
Total	<u>\$153,230</u>	<u>\$154,019</u>	<u>\$789</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,145	\$48,476	\$13,669
Special Revenue	<u>146,852</u>	<u>93,805</u>	<u>53,047</u>
Total	<u>\$208,997</u>	<u>\$142,281</u>	<u>\$66,716</u>

**FALLSBURY TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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. RETIREMENT SYSTEMS

Employees along with the elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% in 2000 and 1999 respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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



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

Board of Trustees
Fallsbury Township
Licking County
11040 Fallsburg Road, NE
Frazeesburg, Ohio 43822

We have audited the accompanying financial statements of Fallsbury Township, Licking County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 22, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 June 22, 2001.

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 a certain 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 June 22, 2001.

Fallsbury Township
Licking County
Report 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 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

June 22, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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FALLSBURY TOWNSHIP

LICKING 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 12, 2001**