



**LATTY TOWNSHIP
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LATTY TOWNSHIP
PAULDING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Latty Township
Paulding County
3483 Road 131
Grover Hill, Ohio 45849-9427

To the Board of Trustees:

We have audited the accompanying financial statements of Latty Township, Paulding County, Ohio, (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 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, 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 January 25, 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.

Latty Township
Paulding County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of the audit committee, 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

January 25, 2001

**LATTY TOWNSHIP
PAULDING 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>	
Cash Receipts:			
Local Taxes	\$7,647	\$20,998	\$28,645
Intergovernmental	27,333	65,129	92,462
Earnings on Investments	2,606	479	3,085
Other Revenue		1,900	1,900
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	37,586	88,506	126,092
Cash Disbursements:			
Current:			
General Government	32,918	12,918	45,836
Public Works		80,547	80,547
Health	1,755		1,755
Capital Outlay	28,091	12,925	41,016
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	62,764	106,390	169,154
Total Disbursements over Receipts	<hr/> (25,178)	<hr/> (17,884)	<hr/> (43,062)
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	3,573		3,573
Transfers-In		2,500	2,500
Transfers-Out	(2,500)		(2,500)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	1,073	2,500	3,573
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(24,105)	(15,384)	(39,489)
Fund Cash Balances, January 1	<hr/> 63,080	<hr/> 43,888	<hr/> 106,968
Fund Cash Balances, December 31	<hr/> \$38,975	<hr/> \$28,504	<hr/> \$67,479
Reserve for Encumbrances, December 31	<hr/> <hr/> \$1,101	<hr/> <hr/> \$3,334	<hr/> <hr/> \$4,435

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

**LATTY TOWNSHIP
PAULDING 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>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$7,738	\$21,161		\$28,899
Intergovernmental	30,403	70,314	\$38,034	138,751
Earnings on Investments	2,418	652		3,070
Other Revenue		1,050		1,050
	<u>40,559</u>	<u>93,177</u>	<u>38,034</u>	<u>171,770</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	27,651	11,523		39,174
Public Works	70	84,443		84,513
Health	1,648	15		1,663
Capital Outlay	5,727	903	38,034	44,664
	<u>35,096</u>	<u>96,884</u>	<u>38,034</u>	<u>170,014</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	5,463	(3,707)		1,756
Other Financing Receipts:				
Other Sources	1,776			1,776
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	7,239	(3,707)		3,532
Fund Cash Balances, January 1	55,841	47,595		103,436
Fund Cash Balances, December 31	<u>\$63,080</u>	<u>\$43,888</u>		<u>\$106,968</u>
Reserve for Encumbrances, December 31	<u>\$190</u>	<u>\$128</u>		<u>\$318</u>

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

**LATTY TOWNSHIP
PAULDING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Latty Township, Paulding 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 repair. The Township contracts with the Villages of Grover Hill and Scott for fire protection and emergency medical 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 Fund:

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

**LATTY TOWNSHIP
PAULDING COUNTY**

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

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 benefits in the form of road repair.

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 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash 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:

**LATTY TOWNSHIP
PAULDING COUNTY**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$36,113	\$52,171
Certificates of deposit	<u>31,366</u>	<u>54,797</u>
Total deposits	<u><u>\$67,479</u></u>	<u><u>\$106,968</u></u>

Deposits up to \$100,000 are insured by the Federal Depository Insurance Corporation. At December 31, 1999, \$7,463 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

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	\$41,122	\$41,159	\$37
Special Revenue	<u>96,402</u>	<u>91,006</u>	<u>(5,396)</u>
Total	<u><u>\$137,524</u></u>	<u><u>\$132,165</u></u>	<u><u>(\$5,359)</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,468	\$66,365	\$43,103
Special Revenue	<u>134,374</u>	<u>109,724</u>	<u>24,650</u>
Total	<u><u>\$243,842</u></u>	<u><u>\$176,089</u></u>	<u><u>\$67,753</u></u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,600	\$42,335	(\$265)
Special Revenue	93,306	93,177	(129)
Capital Projects	<u>38,034</u>	<u>38,034</u>	
Total	<u><u>\$173,940</u></u>	<u><u>\$173,546</u></u>	<u><u>(\$394)</u></u>

**LATTY TOWNSHIP
PAULDING COUNTY**

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,581	\$35,286	\$38,295
Special Revenue	120,171	97,012	23,159
Capital Projects	38,034	38,034	
Total	<u>\$231,786</u>	<u>\$170,332</u>	<u>\$61,454</u>

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 personnel belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during 1999 and the first half of 2000. PERS set a temporary rollback of the employer contribution rate to 8.13% for the last half of 2000. 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
- Electronic Data Processing Equipment

**LATTY TOWNSHIP
PAULDING COUNTY**

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

- Public Officials Liability
- Boiler and Machinery
- Earthquake
- Flood

The Township also provides life, disability, cancer and dental insurance coverage to Township officials through a private carrier.

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

Latty Township
Paulding County
3483 Road 131
Grover Hill, Ohio 45849-9427

To the Board of Trustees:

We have audited the accompanying financial statements of Latty Township, Paulding County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated January 25, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated January 25, 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 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 January 25, 2001.

Latty Township
Paulding 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 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

January 25, 2001

**LATTY TOWNSHIP
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-40263-001	ORC § 505.60 finding for recovery for in term increases in health insurance.	Yes	
1998-40263-002	ORC § 5705.41(B) expenditures in excess of appropriations.	Yes	



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OFFICE OF THE AUDITOR

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LATTY TOWNSHIP

PAULDING 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
FEBRUARY 27, 2001**