



**LEE TOWNSHIP
CARROLL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LEE TOWNSHIP
CARROLL COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Lee Township
Carroll County
4006 Peace Road
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the accompanying financial statements of Lee Township, Carroll 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 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, 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 April 6, 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, and contracts. 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 Board of Trustees and management 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

April 6, 2001

LEE TOWNSHIP
CARROLL COUNTY

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$28,798	\$30,799			\$59,597
Intergovernmental	17,771	60,593			78,364
Licenses, Permits, and Fees		225			225
Earnings on Investments	273	574		\$5,107	5,954
Other Revenue	734	10,474			11,208
	<u>47,576</u>	<u>102,665</u>		<u>5,107</u>	<u>155,348</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	36,799	7,325			44,124
Public Works		82,428			82,428
Health	7,634	3,300			10,934
Conservation - Recreation	6,125				6,125
Capital Outlay	618	16,033			16,651
	<u>51,176</u>	<u>109,086</u>			<u>160,262</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(3,600)</u>	<u>(6,421)</u>		<u>5,107</u>	<u>(4,914)</u>
Fund Cash Balances, January 1	14,871	61,657	1	100,306	176,835
Fund Cash Balances, December 31	<u>\$11,271</u>	<u>\$55,236</u>	<u>\$1</u>	<u>\$105,413</u>	<u>\$171,921</u>
Reserve for Encumbrances, December 31	<u>\$71</u>	<u>\$29</u>			<u>\$100</u>

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

LEE TOWNSHIP
CARROLL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Non-Expendable</u>
Cash Receipts:	
Earnings on Investments	\$1,541
Total Cash Receipts	1,541
Cash Disbursements:	
Purchased Services	1,047
Total Cash Disbursements	1,047
Operating Income	494
Fund Cash Balances, January 1	28,784
Fund Cash Balances, December 31	<u><u>\$29,278</u></u>

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

LEE TOWNSHIP
CARROLL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	
Cash Receipts:					
Local Taxes	\$27,805	\$29,871			\$57,676
Intergovernmental	12,567	62,327			74,894
Licenses, Permits, and Fees		250			250
Earnings on Investments	355	609		\$4,312	5,276
Other Revenue	275	11,990			12,265
Total Cash Receipts	41,002	105,047		4,312	150,361
Cash Disbursements:					
Current:					
General Government	27,620	7,493			35,113
Public Safety					
Public Works		91,560			91,560
Health	8,829	2,958			11,787
Human Services					
Conservation - Recreation	4,800				4,800
Miscellaneous					
Debt Service:					
Redemption of Principal					
Interest and Fiscal Charges					
Capital Outlay	1,000	375			1,375
Total Cash Disbursements	42,249	102,386			144,635
Total Receipts Over/(Under) Disbursements	(1,247)	2,661		4,312	5,726
Fund Cash Balances, January 1	16,118	58,996	1	95,994	171,109
Fund Cash Balances, December 31	\$14,871	\$61,657	\$1	\$100,306	\$176,835

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

LEE TOWNSHIP
CARROLL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Non-Expendable</u>
Cash Receipts:	
Earnings on Investments	_____ \$1,323
Total Cash Receipts	_____ 1,323
Cash Disbursements:	
Purchased Services	_____ 1,608
Total Cash Disbursements	_____ 1,608
Operating Loss	_____ (285)
Fund Cash Balances, January 1	_____ 29,069
Fund Cash Balances, December 31	<u>_____ \$28,784</u>

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

**LEE TOWNSHIP
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lee Township, Carroll 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 Amsterdam Volunteer Fire/Rescue Company, Loudon Township, Village of Carrollton, and the Bergholz Fire Department to provide fire services and Carroll County Ambulance District, 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

Certificates of deposits are valued at cost. The Township has an interest bearing checking account. Interest earned is recognized and recorded when received.

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:

**LEE TOWNSHIP
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

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

3. Debt Service Funds

The debt service fund is used to accumulate resources for payment and note indebtedness.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Non-Expendable Trust Fund. Other Trust Funds are classified as Expendable. The Township had the following significant trust funds:

Expendable Trust Fund - This fund can be used for any reason deemed necessary by the Township Trustees

Non-Expendable Trust Funds - Lee Trust Fund and Bequest Barrier Fund - These funds are used for the maintenance of the cemetery.

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.

**LEE TOWNSHIP
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$82,899	\$87,319
Certificates of deposit	<u>118,300</u>	<u>118,300</u>
Total deposits	<u><u>\$1,199</u></u>	<u><u>\$205,619</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

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	\$47,553	\$47,576	\$23
Special Revenue	102,642	102,665	23
Fiduciary	<u>5,484</u>	<u>6,648</u>	<u>1,164</u>
Total	<u><u>\$155,679</u></u>	<u><u>\$156,889</u></u>	<u><u>\$1,210</u></u>

**LEE TOWNSHIP
CARROLL 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	\$53,885	\$51,247	\$2,638
Special Revenue	148,250	109,115	39,135
Fiduciary	26,695	1,047	25,648
Total	\$228,830	\$161,409	\$67,421

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,428	\$41,002	(\$2,426)
Special Revenue	101,666	105,047	3,381
Fiduciary	6,276	5,635	(641)
Total	\$151,370	\$151,684	\$314

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,097	\$42,249	\$11,848
Special Revenue	148,118	102,386	45,732
Fiduciary	7,854	1,608	6,246
Total	\$210,069	\$146,243	\$63,826

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.

**LEE TOWNSHIP
CARROLL COUNTY**

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

5. RETIREMENT SYSTEMS

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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 1999, and 10.34% for 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
- Errors and omissions

The Township also provides health insurance coverage through full-time employees.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

Lee Township
Carroll County
4006 Peace Road
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the accompanying financial statements of Lee Township, Carroll County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 6, 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, and contracts, 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 certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 6, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lee 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 April 6, 2001.

Lee Township
Carroll 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 Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 6, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LEE TOWNSHIP

CARROLL 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 22, 2001**