



**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

McArthur Township  
Logan County  
6350 Myers St.  
Huntsville, Ohio 43324

To the Board of Trustees:

We have audited the accompanying financial statements of McArthur Township, Logan 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 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 May 30, 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 conducted in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

This report is intended solely for the information and use of the 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

May 30, 2001

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**MCARTHUR TOWNSHIP  
LOGAN 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$23,864	\$60,526	\$84,390
Intergovernmental	48,819	48,445	97,264
Licenses, Permits, and Fees	2,848	27,874	30,722
Earnings on Investments	2,591	896	3,487
Other Revenue		28,322	28,322
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	78,121	166,063	244,184
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	65,329		65,329
Public Safety		10,747	10,747
Public Works		107,669	107,669
Health		62,524	62,524
Capital Outlay		48,193	48,193
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	65,329	229,133	294,462
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	12,792	(63,071)	(50,278)
Fund Cash Balances, January 1	63,856	198,227	262,083
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$76,648</u>	<u>\$135,156</u>	<u>\$211,805</u>

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

**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

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

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<b>Operating Cash Receipts:</b>	
Interest	\$5,869
<b>Operating Cash Disbursements:</b>	<u>0</u>
Cash Receipts Over Cash Disbursements	5,869
Fund Cash Balance, January 1	<u>153,995</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$159,864</u></u>

The Notes to the Financial Statements are an integral part of this statement.



**MCARTHUR TOWNSHIP  
LOGAN 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$23,356	\$58,677	\$82,033
Intergovernmental	64,533	57,267	121,800
Licenses, Permits, and Fees		39,930	39,930
Earnings on Investments	1,307	1,706	3,013
Other Revenue		23,155	23,155
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	89,196	180,735	269,931
<b>Cash Disbursements:</b>			
Current:			
General Government	59,219		59,219
Public Safety		10,660	10,660
Public Works		49,494	49,494
Health		49,512	49,512
Capital Outlay	922	40,610	41,532
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,141	150,276	210,417
Total Receipts Over Disbursements	29,055	30,459	59,514
Fund Cash Balances, January 1	34,801	167,768	202,569
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$63,856</u>	<u>\$198,227</u>	<u>\$262,083</u>

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

**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

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

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<b>Operating Cash Receipts:</b>	
Interest	\$6,102
<b>Operating Cah Disbursements:</b>	<u>0</u>
Cash Receipts Over Cash Disbursements	6,102
Fund Cash Balance, January 1	<u>147,893</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$153,995</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

McArthur Township, Logan 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 Huntsville to provide fire services and 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 certificate of deposit, savings account, and overnight sweep account 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 Funds:

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

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

**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cemetery Fund - This fund receives fees used to manage the Township cemeteries.

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - A non-expendable trust fund. Amounts donated are maintained in perpetuity with the intent that the income be used to maintain 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, 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 cancelled, 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.

**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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>2000</u>	<u>1999</u>
Demand deposits	\$29,238	\$279,449
Savings Account	12,819	12,629
Certificates of deposit	<u>124,000</u>	<u>124,000</u>
Total deposits	<u>166,057</u>	<u>416,078</u>
Sweep account	<u>205,612</u>	<u>0</u>
Total deposits and investments	<u>\$371,669</u>	<u>\$416,078</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.

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$41,500	\$78,121	\$36,621
Special Revenue	163,285	166,063	2,778
Fiduciary	<u>6,215</u>	<u>5,869</u>	<u>(346)</u>
Total	<u>\$211,000</u>	<u>\$250,053</u>	<u>\$39,053</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$105,356	\$65,329	\$40,027
Special Revenue	397,935	229,133	168,802
Fiduciary	<u>124,000</u>	<u>0</u>	<u>124,000</u>
Total	<u>\$627,291</u>	<u>\$294,462</u>	<u>\$332,829</u>

**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,500	\$89,196	\$25,696
Special Revenue	158,003	180,735	22,732
Fiduciary	0	6,102	6,102
Total	\$221,503	\$276,033	\$54,530

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$96,301	\$60,141	\$36,160
Special Revenue	334,644	150,276	184,368
Fiduciary	0	0	0
Total	\$430,945	\$210,417	\$220,528

The Township did not post interest to its nonexpendable trust fund which violates the requirements of Ohio Rev. Code Section 5705.10.

**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.

**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

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

**5. RETIREMENT SYSTEMS**

The Township's 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 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 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:

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

The Township also provides health intensive to the trustees and clerk through a private carrier.

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

McArthur Township  
Logan County  
6350 Myers St  
Huntsville, Ohio 43324

To the Board of Trustees:

We have audited the financial statements of McArthur Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 30, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40346-001. We also noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 30, 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 May 30, 2001.

McArthur Township  
Logan 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 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

May 30, 2001

**MCARTHUR TOWNSHIP  
LOGAN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2000-40346-001</b>
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**Noncompliance Citation**

Ohio Rev. Code Section 5705.10 states that all interest earned on principal of a non-expendable trust fund that had been established for the purpose of receiving donations or contributions that the donor or contributor requires to be maintained intact must be credited to the non-expendable trust fund to which the principal belongs.

Interest earned on the principal of the cemetery bequest fund was recorded in the cemetery fund.

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect this interest income. The financial statements in this report reflect these adjustments. These adjustments had the following effect upon the respective fund type balances:

	<b>Cemetery Fund</b>	<b>Cemetery Bequest Fund</b>
<b>2000</b>	<b>(\$5,869)</b>	<b>\$5,869</b>
<b>1999</b>	<b>(\$6,102)</b>	<b>\$6,102</b>

The Township should monitor interest income to help assure that the it is being posted to the correct funds.

MCARTHUR TOWNSHIP  
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000 AND 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-40346-001	Ohio Rev. Code 5704.41 (D) Expenditures were not prior certified.	No	Partially corrected. Repeated in management letter.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MCARTHUR TOWNSHIP**

**LOGAN 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 3, 2001**