



**SENECA TOWNSHIP
NOBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SENECA TOWNSHIP
NOBLE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Seneca Township
Noble County
51702 Seneca Township Road 140
Sarahsville, Ohio 43779

To the Board of Trustees:

We have audited the accompanying financial statements of Seneca Township, Noble 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 Seneca Township, Noble County, Ohio, 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 20, 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 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 20, 2001

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**SENECA TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$9,126	\$2,724	\$	\$11,850
Intergovernmental	8,589	60,562		69,151
Earnings on Investments	417	228	52	697
Other Revenue	846	5,174		6,020
	<u>18,978</u>	<u>68,688</u>	<u>52</u>	<u>87,718</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	19,359			19,359
Public Safety	1,149			1,149
Public Works	2,083	65,123		67,206
Health	471			471
Debt Service:				
Redemption of Principal		5,787		5,787
Interest and Fiscal Charges		1,413		1,413
Capital Outlay		663		663
	<u>23,062</u>	<u>72,986</u>	<u>0</u>	<u>96,048</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(4,084)	(4,298)	52	(8,330)
Fund Cash Balances, January 1	15,151	17,616	2,946	35,713
Fund Cash Balances, December 31	<u>\$11,067</u>	<u>\$13,318</u>	<u>\$2,998</u>	<u>\$27,383</u>

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

**SENECA TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$8,004	\$2,401	\$	\$10,405
Intergovernmental	7,618	64,651		72,269
Earnings on Investments	922		81	1,003
Other Revenue	235	200		435
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	16,779	67,252	81	84,112
Cash Disbursements:				
Current:				
General Government	19,661			19,661
Public Safety	1,149			1,149
Public Works	878	60,260		61,138
Health	732	100		832
Miscellaneous			251	251
Debt Service:				
Redemption of Principal		3,649		3,649
Interest and Fiscal Charges		1,215		1,215
Capital Outlay		33,079		33,079
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	22,420	98,303	251	120,974
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(5,641)</u>	<u>(31,051)</u>	<u>(170)</u>	<u>(36,862)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		30,000		30,000
Transfers-In		2,164		2,164
Transfers-Out	(2,164)			(2,164)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(2,164)	32,164	0	30,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,805)	1,113	(170)	(6,862)
Fund Cash Balances, January 1	<u>22,956</u>	<u>16,503</u>	<u>3,116</u>	<u>42,575</u>
Fund Cash Balances, December 31	<u>\$15,151</u>	<u>\$17,616</u>	<u>\$2,946</u>	<u>\$35,713</u>

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

**SENECA TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Seneca Township, Noble 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, and fire protection services. The Township contracts with the Belle Valley Volunteer Fire Department, Senecaville Volunteer Fire Department, Summerfield Community Volunteer Fire Department, and the Caldwell Fire Company to provide fire 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 expenditure 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 Fund:

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

3. Fiduciary Funds

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

Cemetery Trust Fund - This fund receives interest from principal that is invested in a cemetery trust account.

**SENECA TOWNSHIP
NOBLE 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 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. 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.

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 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	\$24,641	\$32,971
Cemetery trust saving accounts	<u>2,742</u>	<u>2,742</u>
Total deposits	<u>\$27,383</u>	<u>\$35,713</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**SENECA TOWNSHIP
NOBLE 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 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,740	\$18,978	\$1,238
Special Revenue	63,354	68,688	5,334
Fiduciary	80	52	(28)
Total	\$81,174	\$87,718	\$6,544

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,891	\$23,062	\$9,829
Special Revenue	75,915	72,986	2,929
Fiduciary	284	0	284
Total	\$109,090	\$96,048	\$13,042

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,001	\$16,779	(\$222)
Special Revenue	93,217	99,416	6,199
Fiduciary	0	81	81
Total	\$110,218	\$116,276	\$6,058

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,121	\$24,584	\$17,537
Special Revenue	109,086	98,303	10,783
Fiduciary	374	251	123
Total	\$151,581	\$123,138	\$28,443

During 1999 and 2000, the Township had expenditures in excess of appropriations in certain funds contrary to Ohio Revised Code Section 5705.41(B).

**SENECA TOWNSHIP
NOBLE 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. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	\$20,564	6%

The note was obtained to finance the purchase of a new tractor with a loader and blade to be used for Township road maintenance. The note is secured by the tractor.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Note
2001	6,967
2002	6,967
2003	6,967
2004	1,789
Total	\$22,690

6. RETIREMENT SYSTEMS

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**SENECA TOWNSHIP
NOBLE COUNTY**

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

6. RETIREMENT SYSTEMS (Continued)

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 through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township has paid all contributions required through December 31, 2000.

7. 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 and dental and vision coverage to officials through a private carrier.

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

Seneca Township
Noble County
51702 Seneca Township Road 140
Sarahsville, Ohio 43779

To the Board of Trustees:

We have audited the accompanying financial statements of Seneca Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 20, 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 2000-41061-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 20, 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 April 20, 2001.

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

April 20, 2001

SENECA TOWNSHIP
NOBLE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2000-41061-001

Noncompliance Citation

*Ohio Rev. Code Section 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

The following funds had expenditures which exceeded appropriations:

2000		
Gasoline Tax Fund		\$ 1,483
1999		
Gasoline Tax Fund		\$33,015

The Clerk-Treasurer should deny payment requests exceeding appropriations. The Clerk-Treasurer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

*The above noncompliance citation is the same as, or similar to, a citation presented in the prior report.



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SENECA TOWNSHIP

NOBLE 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
JUNE 12, 2001**