



**AUGUSTA TOWNSHIP
CARROLL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**AUGUSTA TOWNSHIP
CARROLL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non-Expendable Trust Fund – For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non-Expendable Trust Fund – For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Augusta Township
Carroll County
3099 Aurora Road, P.O. Box 47
Augusta, Ohio 44607

To the Board of Trustees:

We have audited the accompanying financial statements of Augusta Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 reserves for encumbrances of the Township as of December 31, 2001 and December 31, 2000, 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 March 15, 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 the 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

March 15, 2002

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**AUGUSTA TOWNSHIP
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Taxes	\$27,936	\$30,404	\$58,340
Intergovernmental	13,588	64,827	78,415
Special Assessments		1,980	1,980
Licenses, Permits, and Fees	300		300
Interest	496	313	809
Other Revenue		14,732	14,732
	<u>42,320</u>	<u>112,256</u>	<u>154,576</u>
Total Cash Receipts			
	<u>42,320</u>	<u>112,256</u>	<u>154,576</u>
Cash Disbursements:			
General Government	27,711		27,711
Public Safety		23,069	23,069
Public Works		83,545	83,545
Health	7,548		7,548
Capital Outlay	616		616
	<u>35,875</u>	<u>106,614</u>	<u>142,489</u>
Total Cash Disbursements			
	<u>35,875</u>	<u>106,614</u>	<u>142,489</u>
Total Receipts Over Disbursements	<u>6,445</u>	<u>5,642</u>	<u>12,087</u>
Other Financing Receipts:			
Other Sources	<u>2,926</u>		<u>2,926</u>
Total Other Financing Receipts	<u>2,926</u>		<u>2,926</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>9,371</u>	<u>5,642</u>	<u>15,013</u>
Fund Cash Balances, January 1	<u>19,356</u>	<u>48,234</u>	<u>67,590</u>
Fund Cash Balances, December 31	<u>\$28,727</u>	<u>\$53,876</u>	<u>\$82,603</u>
Reserve for Encumbrances, December 31		<u><u>\$44</u></u>	<u><u>\$44</u></u>

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

**AUGUSTA 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, 2001**

	<u>Non-Expendable Trust</u>
Operating Receipts	
Interest	\$291
Total Operating Receipts	<u>291</u>
Operating Disbursements	
Total Operating Disbursements	<u> </u>
Operating Income	<u>291</u>
Income Before Operating Transfers and Advances	<u>291</u>
Net Income	291
Fund Cash Balances, January 1	<u>5,954</u>
Fund Cash Balances, December 31	<u><u>\$6,245</u></u>

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

**AUGUSTA TOWNSHIP
CARROLL TOWNSHIP**

**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
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Taxes	\$28,210	\$30,725	\$58,935
Intergovernmental	12,759	64,620	77,379
Special Assessments		1,496	1,496
Earnings on Investments	744	510	1,254
Other Revenue		15,331	15,331
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,713	112,682	154,395
Cash Disbursements:			
General Government	33,038		33,038
Public Safety		23,259	23,259
Public Works		87,530	87,530
Health	12,561		12,561
Capital Outlay	675		675
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	46,274	110,789	157,063
Total Receipts Over/(Under) Disbursements	<hr/> (4,561)	<hr/> 1,893	<hr/> (2,668)
Other Financing Receipts:			
Other Sources	<hr/> 5,782	<hr/>	<hr/> 5,782
Total Other Financing Receipts	<hr/> 5,782	<hr/>	<hr/> 5,782
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	1,221	1,893	3,114
Fund Cash Balances, January 1	<hr/> 18,135	<hr/> 46,341	<hr/> 64,476
Fund Cash Balances, December 31	<hr/>\$19,356	<hr/>\$48,234	<hr/>\$67,590
Reserve for Encumbrances, December 31	<hr/>	<hr/> \$44	<hr/> \$44

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

**AUGUSTA 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 Trust</u>
Operating Receipts	
Interest	<u>\$393</u>
Total Operating Receipts	<u>393</u>
Operating Disbursements	
Total Operating Disbursements	<u> </u>
Operating Income	<u>393</u>
Income Before Operating Transfers and Advances	<u> </u>
Net Income	393
Fund Cash Balances, January 1	<u>5,561</u>
Fund Cash Balances, December 31	<u><u>\$5,954</u></u>

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

**AUGUSTA TOWNSHIP
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Augusta 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 road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Augusta Township Volunteer Fire Department 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 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. Investments are included in fund cash balances. According, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts and disbursements, respectively.

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 to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

**AUGUSTA TOWNSHIP
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fire District Fund - This fund receives property tax money generated by a tax levy to provide fire protection for Township residents.

3. Fiduciary Funds (Trust Fund)

This fund is used to account for resources restricted by a legally binding trust agreement. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 2001 and 2000 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**AUGUSTA TOWNSHIP
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2001	2000
Demand deposits	\$82,603	\$67,590
Certificates of deposit	6,245	5,954
Total deposits	\$88,848	\$73,544

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,150	\$45,246	\$6,096
Special Revenue	108,368	112,256	3,888
Non-Expendable	100	291	191
Total	\$147,618	\$157,793	\$10,175

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,504	\$35,875	\$22,629
Special Revenue	157,040	106,658	50,382
Non-Expendable	0	0	0
Total	\$215,544	\$142,533	\$73,011

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,820	\$47,495	\$8,675
Special Revenue	105,468	112,682	7,214
Non-Expendable	200	393	193
Total	\$144,488	\$160,570	\$16,082

**AUGUSTA TOWNSHIP
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,935	\$46,274	\$10,661
Special Revenue	150,937	110,833	40,104
Non-Expendable	0	0	0
Total	\$207,872	\$157,107	\$50,765

Ohio Revised Code § 5705.41 (D) - The Township did not always properly certify expenditures or properly encumber purchase orders as required by this section.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 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

PERS is a cost-sharing, multiple-employer plan. This plan provide 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 2001 and 2000, 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. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

**AUGUSTA TOWNSHIP
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The Township is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may make supplemental assessments. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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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**

Augusta Township
Carroll County
3099 Aurora Road, P.O. Box 47
Augusta, Ohio 44607-0047

To the Board of Trustees:

We have audited the accompanying financial statements of Augusta Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 15, 2002. 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 the 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 test disclosed an instance of non-compliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of finding as item 2001-41210-001.

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 March 15, 2002.

Augusta Township
Carroll County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely 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

March 15, 2002

**AUGUSTA TOWNSHIP
CARROLL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2000-41210-001

Ohio Revised Code §5705.41(D), states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Board.

Incurring obligations prior to the fiscal officer's certification of the availability of funds to pay such obligations could result in the Township spending more than what was appropriated. It was noted during fiscal year 2001 that 27% of expenditures tested and in fiscal year 2000, 30% of expenditures tested were committed prior to the certification of available funds by the Township Clerk. Neither exception listed above was followed. This condition does not provide adequate accountability over the Township's disbursements. Disbursements may be incurred which either the Board or management has not authorized or which the Township cannot afford.

We recommend that the Township implement policies and procedures to ensure that purchase orders are issued prior to the expenditure of monies.



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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AUGUSTA 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
APRIL 18, 2002**