



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

---

**STATE OF OHIO**



FLORENCE TOWNSHIP  
WILLIAMS COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
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
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Florence Township  
Williams County  
5389 County Road M50  
P.O. Box 107  
Edon, Ohio 43518-0107

To the Board of Trustees:

We have audited the accompanying financial statements of Florence Township (the Township) as of and for the years ended December 31, 2001 and 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 audits.

We conducted our audits 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 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 of the Township as of December 31, 2001 and 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 April 5, 2002, 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 audits.

Florence Township  
Williams County  
Report of Independent Accountants  
Page 2

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 5, 2002

**FLORENCE TOWNSHIP  
WILLIAMS 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$30,982	\$50,183		\$81,165
Intergovernmental	55,310	87,266		142,576
Charges for Services	15,700			15,700
Earnings on Investments	8,032	1,226		9,258
Other Revenue	9,289			9,289
	<u>119,313</u>	<u>138,675</u>		<u>257,988</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	76,305			76,305
Public Safety	14,064	24,212		38,276
Public Works		88,546		88,546
Health	7,512			7,512
Capital Outlay	9,276	4,314		13,590
	<u>107,157</u>	<u>117,072</u>		<u>224,229</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over Cash Disbursements	12,156	21,603		33,759
Fund Cash Balances, January 1	<u>176,152</u>	<u>61,242</u>	<u>\$42,702</u>	<u>280,096</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$188,308</b></u>	<u><b>\$82,845</b></u>	<u><b>\$42,702</b></u>	<u><b>\$313,855</b></u>

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

**FLORENCE TOWNSHIP  
WILLIAMS 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>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$23,676	\$42,861		\$66,537
Intergovernmental	61,648	78,424		140,072
Charges for Services	14,600			14,600
Earnings on Investments	12,312	1,391		13,703
Other Revenue	8,397			8,397
	<u>120,633</u>	<u>122,676</u>		<u>243,309</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	81,480			81,480
Public Safety	16,969	9,610		26,579
Public Works		111,514		111,514
Health	6,996			6,996
Capital Outlay	87,464	13,000		100,464
	<u>192,909</u>	<u>134,124</u>		<u>327,033</u>
<b>Total Cash Disbursements</b>				
Total Cash Disbursements Over Cash Receipts	(72,276)	(11,448)		(83,724)
Fund Cash Balances, January 1	<u>248,428</u>	<u>72,690</u>	<u>\$42,702</u>	<u>363,820</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$176,152</u></u>	<u><u>\$61,242</u></u>	<u><u>\$42,702</u></u>	<u><u>\$280,096</u></u>

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



**FLORENCE TOWNSHIP  
WILLIAMS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Florence Township, Williams 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'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. 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.

**FLORENCE TOWNSHIP  
WILLIAMS COUNTY**

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

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

**C. Fund Accounting (Continued)**

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

*Fire Truck Debt Fund* - The fund was created to pay off Fire Truck Acquisition Notes. There was no activity in this fund as of and for the years ended December 31, 2001 and 2000.

**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 carried over, and need not be reappropriated.

A summary of 2001 and 2000 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.

**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.

**FLORENCE TOWNSHIP  
WILLIAMS COUNTY**

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

**2. EQUITY IN POOLED CASH**

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

	2001	2000
Demand deposits	\$313,855	\$280,096

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,000	\$119,313	\$38,313
Special Revenue	114,000	138,675	24,675
Total	\$195,000	\$257,988	\$62,988

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$257,152	\$107,157	\$149,995
Special Revenue	175,242	117,072	58,170
Debt Service	42,702		42,702
Total	\$475,096	\$224,229	\$250,867

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,000	\$120,633	\$45,633
Special Revenue	107,000	122,676	15,676
Total	\$182,000	\$243,309	\$61,309

**FLORENCE TOWNSHIP  
WILLIAMS 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	\$323,428	\$192,909	\$130,519
Special Revenue	179,690	134,124	45,566
Debt Service	42,702		42,702
Total	\$545,820	\$327,033	\$218,787

**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.

**6. RETIREMENT SYSTEMS**

The Township's full-time employee and elected officials 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all but \$617 in contributions required through December 31, 2001.

**FLORENCE TOWNSHIP  
WILLIAMS COUNTY**

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

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and their expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

**Health Insurance**

The Township also provides health insurance to its full-time employee through a private carrier.

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Florence Township  
Williams County  
5389 County Road M50  
P.O. Box 107  
Edon, Ohio 43518-0107

To the Board of Trustees:

We have audited the accompanying financial statements of Florence Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We conducted our audits 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 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 April 5, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 5, 2002.

Florence Township  
Williams 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 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 5, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**FLORENCE TOWNSHIP**

**WILLIAMS 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 9, 2002**