



**Auditor of State
Betty Montgomery**

**BRADY TOWNSHIP
WILLIAMS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Brady Township
Williams County
20332 County Road K
West Unity, OH 43570-9764

To the Board of Trustees:

We have audited the accompanying financial statements of Brady Township, Williams County (the Township) as of and for the years ended December 31, 2002 and 2001. 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 audits 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, 2002 and 2001, 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 11, 2003, 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 audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 11, 2003

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**BRADY TOWNSHIP
WILLIAMS 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, 2002**

	Governmental Fund Types	
	General	Special Revenue
Cash Receipts:		
Local Taxes	\$31,143	\$104,570
Intergovernmental	34,448	83,734
Charges for Services	11,580	
Licenses, Permits, and Fees		5,400
Earnings on Investments	3,184	380
Other Revenue	2,031	5,654
 Total Cash Receipts	 82,386	 199,738
Cash Disbursements:		
Current:		
General Government	58,341	
Public Safety		54,095
Public Works	593	70,427
Health		13,199
Conservation - Recreation		
Debt Service:		
Redemption of Principal		
Interest and Fiscal Charges		
Capital Outlay	8,432	4,456
 Total Cash Disbursements	 67,366	 142,177
 Total Cash Receipts Over/(Under) Cash Disbursements	 15,020	 57,561
Other Financing Receipts:		
Other Sources		6
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 15,020	 57,567
 Fund Cash Balances, January 1	 67,473	 136,835
 Fund Cash Balances, December 31	 \$82,493	 \$194,402

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

<u>Governmental Fund Types</u>			<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	<u>(Memorandum Only)</u>
\$31,143			\$166,856
3,148			121,330
			11,580
			5,400
	\$1,120	\$337	5,021
			7,685
<u>34,291</u>	<u>1,120</u>	<u>337</u>	<u>317,872</u>
			58,341
			54,095
			71,020
			13,199
778			778
53,274	10,627		63,901
14,285			14,285
	43,925		56,813
<u>68,337</u>	<u>54,552</u>		<u>332,432</u>
<u>(34,046)</u>	<u>(53,432)</u>	<u>337</u>	<u>(14,560)</u>
			6
(34,046)	(53,432)	337	(14,554)
104,094	83,704	11,351	403,457
<u>\$70,048</u>	<u>\$30,272</u>	<u>\$11,688</u>	<u>\$388,903</u>

**BRADY TOWNSHIP
WILLIAMS 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, 2001**

	Governmental Fund Types	
	General	Special Revenue
Cash Receipts:		
Local Taxes	\$31,138	\$105,140
Intergovernmental	51,666	69,762
Special Assessments		
Charges for Services	12,500	
Licenses, Permits, and Fees		5,250
Earnings on Investments	5,012	329
Other Revenue	7,278	3,000
Total Cash Receipts	107,594	183,481
Cash Disbursements:		
Current:		
General Government	56,958	
Public Safety		35,030
Public Works	625	110,801
Health		15,342
Conservation - Recreation		
Debt Service:		
Redemption of Principal		
Interest and Fiscal Charges		
Capital Outlay	8,943	2,195
Total Cash Disbursements	66,526	163,368
Total Cash Receipts Over/(Under) Cash Disbursements	41,068	20,113
Other Financing Receipts/(Disbursements):		
Transfers-In		6,000
Transfers-Out	(56,000)	
Other Sources		1,500
Total Other Financing Receipts/(Disbursements)	(56,000)	7,500
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(14,932)	27,613
Fund Cash Balances, January 1	82,405	109,222
Fund Cash Balances, December 31	\$67,473	\$136,835

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

<u>Governmental Fund Types</u>			<u>Totals</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	<u>(Memorandum Only)</u>
\$46,708			\$182,986
			121,428
4,679			4,679
			12,500
			5,250
	\$2,552	\$550	8,443
			10,278
<u>51,387</u>	<u>2,552</u>	<u>550</u>	<u>345,564</u>
			56,958
			35,030
			111,426
			15,342
1,142			1,142
50,522			50,522
17,037			17,037
	4,450		15,588
<u>68,701</u>	<u>4,450</u>		<u>303,045</u>
<u>(17,314)</u>	<u>(1,898)</u>	<u>550</u>	<u>42,519</u>
	50,000		56,000
			(56,000)
			1,500
	<u>50,000</u>		<u>1,500</u>
(17,314)	48,102	550	44,019
<u>121,408</u>	<u>35,602</u>	<u>10,801</u>	<u>359,438</u>
<u>\$104,094</u>	<u>\$83,704</u>	<u>\$11,351</u>	<u>\$403,457</u>

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**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Brady 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 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. Cash

Certificates of deposit 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 Fund:

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

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 Funds:

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Fire Hall Bond Retirement Fund – This fund receives property tax receipts for the payment of the bonded debt for the 1993 construction of the fire hall.

Fire Truck Bond Retirement Fund – This fund is used for the payment of the bonded debt for the purchase of a 1997 fire truck pumper.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Capital Projects/Equipment Fund – This fund is used to acquire property and equipment and to construct capital improvements.

5. 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 nonexpendable trust fund. Other trust funds are classified as expendable. The Township had one fiduciary fund called the Cemetery Bequest Endowment Fund. This fund earns interest which can be utilized for support and maintenance of Township cemeteries.

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 canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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.

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:

	2002	2001
Demand deposits	\$378,102	\$342,656
Certificates of deposit	10,801	60,801
Total carrying amount of cash	\$388,903	\$403,457

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, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,000	\$82,386	(\$7,614)
Special Revenue	187,819	199,744	11,925
Debt Service	31,937	34,291	2,354
Capital Projects	2,600	1,120	(1,480)
Fiduciary		337	337
Total	\$312,356	\$317,878	\$5,522

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,200	\$67,366	\$79,834
Special Revenue	231,530	142,177	89,353
Debt Service	71,400	68,337	3,063
Capital Projects	80,000	54,552	25,448
Total	\$530,130	\$332,432	\$197,698

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,000	\$107,594	\$17,594
Special Revenue	164,200	190,981	26,781
Debt Service	37,900	51,387	13,487
Capital Projects	50,800	52,552	1,752
Fiduciary		550	550
Total	<u>\$342,900</u>	<u>\$403,064</u>	<u>\$60,164</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,245	\$122,526	\$49,719
Special Revenue	249,640	163,368	86,272
Debt Service	72,900	68,701	4,199
Capital Projects	85,000	4,450	80,550
Total	<u>\$579,785</u>	<u>\$359,045</u>	<u>\$220,740</u>

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 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.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$209,631	5.43%
Utility Tractor and Loader Lease Agreement	28,735	5.378%
Total	<u>\$238,366</u>	

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

The general obligation bonds were issued in 1993 to finance the construction of a new fire hall. The bonds are collateralized solely by the Township's taxing authority.

In 2002, the Township entered into a lease agreement with John Deere Credit, Inc. to finance the purchase of a utility tractor and load to be used for Township road maintenance.

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

Year ending December 31:	General Obligation Bonds	Utility Tractor and Loader
2003	\$20,788	\$10,627
2004	20,788	10,627
2005	20,788	10,627
2006	20,788	
2007	20,788	
2008-2012	103,938	
2013-2017	103,938	
Total	\$311,816	\$31,881

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2002 and 2001, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan Pool, (the Pool), 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 § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool 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 other expenses resulting for covered claims that exceed the members' deductibles.

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.

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

8. COMPLIANCE

The Township did not apportion interest to the Cemetery Bequest Fund in the manner specified in the Ohio Revised Code.



**Auditor of State
Betty Montgomery**

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

Brady Township
Williams County
20332 County Road K
West Unity, OH 43570-9764

To the Board of Trustees:

We have audited the accompanying financial statements of Brady Township, Williams County (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 11, 2003. 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 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 2002-40186-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 11, 2003.

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 11, 2003.

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 11, 2003

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-40186-001

Noncompliance Citation

Ohio Revised Code § 517.16 requires that interest earned on the cemetery bequest fund is to be credited to that fund. The Township credited interest earned on the Cemetery Bequest Endowment Fund to the General Fund. Adjustments were subsequently made to the 2001 and 2002 financial statements to reflect these amounts. These adjustments had the following effect upon the respective fund balances:

<u>Fund</u>	<u>2001</u>	<u>2002</u>
General Fund	(\$550)	(\$337)
Cemetery Bequest Endowment Fund	\$550	\$337

The Township has adjusted its records to properly reflect these amounts.

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40186-001	Ohio Revised Code § 5705.41 (B) expenditures exceeding appropriations	No	Partially corrected, reducing this finding to a management letter comment.



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

BRADY 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 8, 2003**