

EDEN TOWNSHIP
COLUMBUS REGION, WYANDOT COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001



**Auditor of State
Betty Montgomery**

Board of Trustees
Eden Township

We have reviewed the Independent Auditor's Report of Eden Township, Wyandot County, prepared by Holbrook & Manter, CPAs, for the audit period January 1, 2001 to December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Finding For Recovery

The amounts reimbursed by the Township to Richard Althouse, Trustee, for health insurance premiums from January 2000 to December 2003 exceed the amounts permitted by Ohio Revised Code 505.60(C). The Code states, "the Township may reimburse the officer for each out-of-pocket premium that the officer or employee incurs for insurance policies." The reimbursement according to Section C should not "...exceed an amount equal to the average premium paid by the Township for its officers and employees under policies it procures...."

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies that have been reimbursed in excess of the amount allowed is hereby issued against Richard Althouse, in the amount of \$6,216.73, in favor of the general fund of Eden Township, Wyandot County.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Eden Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 16, 2005

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2002	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2001	5
Notes to the Financial Statements.....	6-10
Report on Compliance and Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	12

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Eden Township
Wyandot County
111 Grove Street
Nevada, Ohio 44849

We have audited the accompanying financial statements of Eden Township, Wyandot County, Ohio, (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 accounting principles generally accepted in the United States of America.

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 Eden Township, Wyandot County, as of December 31, 2002 and December 31, 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 July 9, 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 officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Holbrook & Manter

Certified Public Accountants

July 9, 2003
Marion, Ohio

-3-

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

EDEN TOWNSHIP
WYANDOT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 5,035	\$ 7,430	\$ 12,465
Intergovernmental	34,494	68,482	102,976
Interest	4,449	1,797	6,246
Fines, licenses, and permits	0	124	124
Miscellaneous	13,620	2,198	15,818
Total cash receipts	57,598	80,031	137,629
Cash disbursements:			
Current:			
Public health services	6,661	30	6,691
Public safety	5,411	0	5,411
Public works	0	68,262	68,262
General government	42,527	0	42,527
Capital outlay	1,400	4,180	5,580
Total cash disbursements	55,999	72,472	128,471
Total receipts over cash disbursements	1,599	7,559	9,158
Other financing receipts:	46	0	46
Excess of cash receipts and other financing receipts over cash disbursements	1,645	7,559	9,204
Fund cash balances, January 1, 2002	95,723	191,031	286,754
Fund cash balances, December 31, 2002	\$ 97,368	\$ 198,590	\$ 295,958

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

EDEN TOWNSHIP
WYANDOT 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

			(Memorandum Only)
	General	Special Revenue	Total
Cash receipts:			
Local taxes	\$ 4,386	\$ 6,278	\$ 10,664
Intergovernmental	56,801	120,753	177,554
Interest	9,239	3,959	13,198
Fines, licenses, and permits	0	4,176	4,176
Miscellaneous	75	1,197	1,272
Total cash receipts	70,501	136,363	206,864
Cash disbursements:			
Current:			
Public health services	7,314	500	7,814
Public safety	5,262	0	5,262
Public works	0	136,256	136,256
General government	43,892	0	43,892
Capital outlay	0	8,195	8,195
Total cash disbursements	56,468	144,951	201,419
Total receipts over (under) cash disbursements	14,033	(8,588)	5,445
Other financing receipts:	1,330	0	1,330
Excess of cash receipts and other financing receipts over (under) cash disbursements	15,363	(8,588)	6,775
Fund cash balances, January 1, 2001	80,360	199,619	279,979
Fund cash balances, December 31, 2001	\$ 95,723	\$ 191,031	\$ 286,754

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

EDEN TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Eden Township, Wyandot 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 Trustees is directed by a publicly-elected three member Board of Trustees. The Township provides general governmental services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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.

Cash and Investments –The Township deposits all funds in interest-bearing checking account, money market account, and certificates of deposits. Certificates of deposit are valued at cost. Interest earned is recorded and recognized when received.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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:

Motor Vehicle License Tax Fund

This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

Gasoline Tax Fund

This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

Cemetery Fund

This fund receives cemetery fees for maintaining Township cemeteries.

Road and Bridge Fund

This fund receives personal property taxes for maintenance of roads and bridges.

EDEN TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :- (continued)

Budgetary Process - The Ohio Revised Code requires that each fund be budgeted annually.

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.

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.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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.

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.

NOTE 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>2002</u>	<u>2001</u>
Demand Deposits	\$ 155,958	\$ 146,754
Certificates of Deposit	<u>140,000</u>	<u>140,000</u>
Total Deposits	<u>\$ 295,958</u>	<u>\$ 286,754</u>

Deposits - The Township's deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities, pledged by the financial institution in the name of the Township.

EDEN TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the years ending December 31, 2002 and 2001 was as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 48,631	\$ 57,644	\$ 9,013
Special Revenue	79,532	80,031	499
Total	\$ 128,163	\$ 137,675	\$ 9,512

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 172,763	\$ 55,999	\$ 116,764
Special Revenue	242,153	72,472	169,681
Total	\$ 414,916	\$ 128,471	\$ 286,445

EDEN TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 54,393	\$ 71,831	\$ 17,438
Special Revenue	71,840	136,363	64,523
Total	\$ 126,233	\$ 208,194	\$ 81,961

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 163,164	\$ 56,468	\$ 106,696
Special Revenue	243,046	144,951	98,095
Total	\$ 406,210	\$ 201,419	\$ 204,791

EDEN TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 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.

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.

NOTE 5 - RETIREMENT SYSTEMS:-

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employee plan. This plan provides retirement benefits, including post-retirement 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for the same period. The Township has paid all contributions required through December 31, 2002.

NOTE 6 – RISK MANAGEMENT:-

The Township has obtained commercial insurance for the following risks from the Ohio Township Association Risk Management Authority:

- Comprehensive property and general liability
- Vehicles
- Buildings
- Casualty
- Public official's liability



Report on Compliance and on Internal Control Required by *Government Auditing Standards*

Board of Trustees
Eden Township
Wyandot County
111 Grove Street
Nevada, Ohio 44849

We have audited the accompanying financial statements of Eden Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated July 9, 2003. 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 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-01. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 9, 2003.

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 of 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.

This report is intended for the information of the Board of Trustees and Clerk and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads 'Holbrook & Manter' in a cursive style.

Certified Public Accountants

July 9, 2003
Marion, Ohio

-11-

EDEN TOWNSHIP
WYANDOT 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 2001-01

Noncompliance Citation

Ohio Rev. Code Sections 505.60 and 505.601 regulate reimbursement of insurance premiums for townships. Townships are permitted to reimburse a township officer or employee for out-of-pocket premiums for insurance policies. The reimbursement is permitted for a township officer or employee who is denied coverage under a township health care plan established pursuant to Ohio Rev. Code Section 505.60, or who elects not to participate in the township's plan. The reimbursement cannot exceed an amount equal to the average premium paid by the township under the policies it procures [Ohio Rev. Code Section 505.60(C)].

During our compliance procedures, we noted that the Township reimbursed a Trustee an amount that appeared to be in excess of the allowable amount under Section 505.60 (C). The Trustee had elected voluntarily not to participate in the township plan.

We recommend that the Township revise its policy on health insurance premiums and reimbursements, specifically incorporating the legal requirements, as outlined in Ohio Rev. Code Sections 505.60 and 505.601. In addition, to ensure compliance with the latter code sections and as a matter of fiscal responsibility, we encourage Township officials to monitor reimbursements for expenditures closely in the future.



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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EDEN TOWNSHIIP

WYANDOT 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
MARCH 8, 2005**