



**AMBOY TOWNSHIP
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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 and Fiduciary Fund Types – For the Year Ended December 31, 1999	3
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, 1998	4
Notes to the Financial Statements	9
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17

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

Amboy Township
Fulton County
2650 County Road S
PO Box 172
Metamora, Ohio 43540-0172

To the Board of Trustees:

We have audited the accompanying financial statements of Amboy Township, Fulton County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 the Township as of December 31, 1999 and 1998, 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 16, 2000 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.

This report is intended solely for the information and use of management, the Board of Trustees, 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 16, 2000

This Page Intentionally Left Blank

**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**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Cash Receipts:			
Local Taxes	\$ 25,141	\$ 88,827	\$ 0
Intergovernmental	73,144	71,556	34,445
Charges for Services		13,000	
Licenses, Permits, and Fees		550	
Earnings on Investments	6,384	608	
Other Revenue	1,503	986	
	<u>106,172</u>	<u>175,527</u>	<u>34,445</u>
Total Cash Receipts			
	<u>106,172</u>	<u>175,527</u>	<u>34,445</u>
Cash Disbursements:			
Current:			
General Government	88,033		
Public Safety		19,983	
Public Works	40,027	14,824	
Health		7,592	
Capital Outlay		94,535	34,445
	<u>128,060</u>	<u>136,934</u>	<u>34,445</u>
Total Cash Disbursements			
	<u>128,060</u>	<u>136,934</u>	<u>34,445</u>
Excess of Cash Receipts			
Over/(Under) Cash Disbursements	(21,888)	38,593	0
Fund Cash Balances, January 1	78,021	126,071	0
	<u>78,021</u>	<u>126,071</u>	<u>0</u>
Fund Cash Balances, December 31	<u>\$ 56,133</u>	<u>\$ 164,664</u>	<u>\$ 0</u>

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

<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
\$ 0	\$ 113,968
	179,145
	13,000
	550
1,117	8,109
	2,489
<u>1,117</u>	<u>317,261</u>
	88,033
	19,983
	54,851
	7,592
	<u>128,980</u>
<u>0</u>	<u>299,439</u>
1,117	17,822
<u>21,037</u>	<u>225,129</u>
<u>\$ 22,154</u>	<u>\$ 242,951</u>

**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, 1998**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Cash Receipts:			
Local Taxes	\$ 24,637	\$ 88,075	\$ 0
Intergovernmental	105,480	78,054	
Charges for Services		13,000	
Licenses, Permits, and Fees		300	
Earnings on Investments	3,888	4,494	
Other Revenue	3,534	5,281	
	137,539	189,204	0
Total Cash Receipts	137,539	189,204	0
Cash Disbursements:			
Current:			
General Government	73,649		
Public Safety		38,222	
Public Works	34,189	21,523	
Health		7,198	
Capital Outlay		146,653	
	107,838	213,596	0
Total Cash Disbursements	107,838	213,596	0
Total Receipts Over/(Under) Disbursements	29,701	(24,392)	0
Other Financing Receipts:			
Other Sources		1,350	
	0	1,350	0
Total Other Financing Receipts	0	1,350	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	29,701	(23,042)	0
Fund Cash Balances, January 1	48,320	149,113	0
Fund Cash Balances, December 31	\$ 78,021	\$ 126,071	\$ 0

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

<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
\$ 0	\$ 112,712
	183,534
	13,000
	300
1,067	9,449
	8,815
<u>1,067</u>	<u>327,810</u>
	73,649
	38,222
	55,712
	7,198
	<u>146,653</u>
<u>0</u>	<u>321,434</u>
<u>1,067</u>	<u>6,376</u>
	<u>1,350</u>
<u>0</u>	<u>1,350</u>
1,067	7,726
<u>19,970</u>	<u>217,403</u>
<u>\$ 21,037</u>	<u>\$ 225,129</u>

This Page Intentionally Left Blank

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Amboy Township, Fulton 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'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 that is 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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 funds.

Issue II Fund - The Township received a grant from the State of Ohio for the improvement of roads.

4. Fiduciary Funds (Expendable Trust Fund)

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

Cemetery Bequest Fund - This fund received interest income and the funds are restricted for cemetery improvements

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. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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>1999</u>	<u>1998</u>
Demand deposits	\$ 171,914	\$ 145,222
Certificates of deposit	<u>71,037</u>	<u>79,907</u>
Total deposits	<u>\$ 242,951</u>	<u>\$ 225,129</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,024	\$ 106,172	\$ 28,148
Special Revenue	183,843	175,527	(8,316)
Capital Projects	0	34,445	34,445
Fiduciary	<u>1,117</u>	<u>1,117</u>	<u>0</u>
Total	<u>\$ 262,984</u>	<u>\$ 317,261</u>	<u>\$ 54,277</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 150,093	\$ 128,060	\$ 22,033
Special Revenue	297,100	136,934	160,166
Capital Projects	34,445	34,445	0
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 481,638</u>	<u>\$ 299,439</u>	<u>\$ 182,199</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,004	\$ 137,539	\$ 51,535
Special Revenue	174,650	190,554	15,904
Capital Projects	0	0	0
Fiduciary	0	1,067	1,067
Total	\$ 260,654	\$ 329,160	\$ 68,506

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 130,300	\$ 107,838	\$ 22,462
Special Revenue	287,780	213,596	74,184
Capital Projects	0	0	0
Fiduciary	0	0	0
Total	\$ 418,080	\$ 321,434	\$ 96,646

In 1999 Appropriations for the Capital Projects Fund exceeded Budgeted Receipts.

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. RETIREMENT SYSTEMS

The Township's employees 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 1999 and 1998, members of PERS 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, 1999.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by OTARMA:

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

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**

Amboy Township
Fulton County
2650 County Road S
PO Box 172
Metamora, Ohio 43540-0172

To the Board of Trustees:

We have audited the accompanying financial statements of Amboy Township, Fulton County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 16, 2000. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40126-001 and 1999-40126-002. We also noted certain immaterial noncompliance that we have reported to management of the Township in a separate letter dated March 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 March 16, 2000.

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

March 16, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-40126-001

Noncompliance Citation

Ohio Revised Code § 5705.42 requires that when a political subdivision receives any grant or loan proceeds, the amount thereof is deemed appropriated for such purposes by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of § 5705.41 of the Revised Code.

In 1999, the Township has received from Ohio Public Works Commission (OPWC) State Issue II financial assistance for the repair of Road U in the amount of \$34,445, which represents 100% of capital project fund disbursements. Although OPWC has paid the grant directly to the vendor that has performed the project work for the Township, the Township has not budgeted or recognized the actual financial activity in its financial reports. An adjustment has been made. Ohio Revised Code § 5705.42 states that when the state or any department makes a grant to any political subdivision, the amount thereof is deemed appropriated, resulting in appropriations exceeding total estimated revenue.

We recommend, when the Township receives similar financial assistance, the legislative authority should approve, by resolution, the grant and must establish any fund necessary to meet the grant objectives, that the Township amend its official certificate of estimated resources, and pass the required appropriations, and post both the budgeted and actual financial activities to its financial records. The Township should refer to Auditor of State Management Advisory Services Bulletin 89-17 for information on accounting and budgeting for Issue II funds.

FINDING NUMBER 1999-40126-002

Noncompliance Citation

Ohio Administrative Code § 117-5-11(C) requires each expenditure or encumbrance charged against an appropriation account to be posted and subtracted from the appropriate balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order. The fiscal officer did not issue purchase orders and did not encumber against appropriations. The Clerk stated that purchase orders are not utilized by the Township. We recommend the Township adopt the procedure of utilizing purchase orders and encumbrances be recorded in the appropriations ledger throughout the year and outstanding encumbrances be reported at year-end.



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

AMBOY TOWNSHIP

FULTON 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 6, 2000**