



**CADIZ TOWNSHIP
HARRISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Cadiz Township
Harrison County
P.O. Box 134
Cadiz, Ohio 43907-0134

To the Board of Trustees:

We have audited the accompanying financial statements of Cadiz Township, Harrison County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 Cadiz Township as of December 31, 1999 and December 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 9, 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 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.

Jim Petro
Auditor of State

March 9, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$12,993	\$110,766	\$0	\$123,759
Intergovernmental	13,923	72,054	0	85,977
Fines, Forfeitures, and Penalties	0	215	0	215
Earnings on Investments	1,213	462	0	1,675
Other Revenue	0	425	0	425
Total Cash Receipts	<u>28,129</u>	<u>183,922</u>	<u>0</u>	<u>212,051</u>
Cash Disbursements:				
Current:				
General Government	26,091	0	0	26,091
Public Safety	0	36,783	0	36,783
Public Works	0	70,504	0	70,504
Health	3,179	71,021	0	74,200
Capital Outlay	49,521	5,000	343	54,864
Total Cash Disbursements	<u>78,791</u>	<u>183,308</u>	<u>343</u>	<u>262,442</u>
Total Receipts Over/(Under) Disbursements	<u>(50,662)</u>	<u>614</u>	<u>(343)</u>	<u>(50,391)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	44,251	0	0	44,251
Transfers-In	0	1,000	0	1,000
Transfers-Out	(1,000)	0	0	(1,000)
Other Sources	216	0	0	216
Total Other Financing Receipts/(Disbursements)	<u>43,467</u>	<u>1,000</u>	<u>0</u>	<u>44,467</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(7,195)</u>	<u>1,614</u>	<u>(343)</u>	<u>(5,924)</u>
Fund Cash Balances, January 1	<u>20,021</u>	<u>15,454</u>	<u>455</u>	<u>35,930</u>
Fund Cash Balances, December 31	<u>\$12,826</u>	<u>\$17,068</u>	<u>\$112</u>	<u>\$30,006</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$12,818	\$108,356	\$0	\$121,174
Intergovernmental	11,502	67,974	9,306	88,782
Earnings on Investments	1,582	164	0	1,746
Other Revenue	2,049	500	0	2,549
	<u>27,951</u>	<u>176,994</u>	<u>9,306</u>	<u>214,251</u>
Total Cash Receipts				
	27,951	176,994	9,306	214,251
Cash Disbursements:				
Current:				
General Government	31,590	0	0	31,590
Public Safety	0	35,926	0	35,926
Public Works	0	75,125	0	75,125
Health	4,236	69,470	0	73,706
Capital Outlay	0	0	3,718	3,718
	<u>35,826</u>	<u>180,521</u>	<u>3,718</u>	<u>220,065</u>
Total Cash Disbursements				
	35,826	180,521	3,718	220,065
Total Receipts Over/(Under) Disbursements	<u>(7,875)</u>	<u>(3,527)</u>	<u>5,588</u>	<u>(5,814)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	7,133	0	7,133
Advances-In	0	0	0	0
Transfers-Out	(2,000)	0	(5,133)	(7,133)
Advances-Out	0	0	0	0
Other Sources	1,763	0	0	1,763
	<u>(237)</u>	<u>7,133</u>	<u>(5,133)</u>	<u>1,763</u>
Total Other Financing Receipts/(Disbursements)				
	(237)	7,133	(5,133)	1,763
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,112)</u>	<u>3,606</u>	<u>455</u>	<u>(4,051)</u>
Fund Cash Balances, January 1	<u>28,133</u>	<u>11,848</u>	<u>0</u>	<u>39,981</u>
Fund Cash Balances, December 31	<u>\$20,021</u>	<u>\$15,454</u>	<u>\$455</u>	<u>\$35,930</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Cadiz Township, Harrison 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. The Township contracts with the Village of Cadiz 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, 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 or 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 for constructing, maintaining and repairing Township roads and bridges.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cemetery Fund - This fund receives charges from the sale of lots, which is used for the upkeep of the cemetery.

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:

Public Works Fund - The Township received FEMA money for a flood in 1998.

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. Expenditures exceeded appropriations at the fund and function level during 1999.

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. The Township did not encumber all commitments required by Ohio law during 1999 and 1998.

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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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

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>1999</u>	<u>1998</u>
Demand deposits	<u>\$23,218</u>	<u>\$15,083</u>
STAR Ohio	<u>6,788</u>	<u>20,847</u>
Total deposits and investments	<u><u>\$30,006</u></u>	<u><u>\$35,930</u></u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,753	\$72,596	\$42,843
Special Revenue	189,049	184,922	(4,127)
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$218,802</u></u>	<u><u>\$257,518</u></u>	<u><u>\$38,716</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,675	\$79,791	(\$32,116)
Special Revenue	195,214	183,308	11,906
Capital Projects	<u>455</u>	<u>343</u>	<u>112</u>
Total	<u><u>\$243,344</u></u>	<u><u>\$263,442</u></u>	<u><u>(\$20,098)</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,114	\$29,714	(\$1,400)
Special Revenue	174,880	184,127	9,247
Capital Projects	9,306	9,306	0
Total	\$215,300	\$223,147	\$7,847

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,050	\$37,826	\$19,224
Special Revenue	187,905	180,521	7,384
Capital Projects	10,540	8,851	1,689
Total	\$255,495	\$227,198	\$28,297

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	44,251	5%
Total	\$44,251	

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

5. DEBT (Continued)

The general obligation note was issued to finance the purchase of a new backhoe to be used for township roads and cemetery maintenance.

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

Year ending December 31:	General Obligation Note
2000	10,292
2001	10,292
2002	10,292
2003	10,291
2004	10,291
Total	<u>\$51,458</u>

6. 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.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

Cadiz Township
Harrison County
P.O. Box 134
Cadiz, Ohio 43907-0134

To the Board of Trustees:

We have audited the accompanying financial statements of Cadiz Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 9, 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* and are described in the accompanying schedule of findings as items 1999-41234-001 and 199-41234-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 9, 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 report, that we have reported to the management of the Township in a separate letter dated March 9, 2000.

This report is intended 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.

Jim Petro
Auditor of State

March 9, 2000

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1999-41234-001
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Ohio Revised Code § 5705.41 (D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contact made without such a certificate shall be null and void and no warrant shall be issued in payment of amount due thereon.

This section also provides two “exceptions” to the above requirements:

- 1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees 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 may authorize it to be paid without the affirmation of the Board of Trustees.

Twenty-seven percent of the transactions tested were not certified by the Clerk and were not encumbered until the time of payment. The Township did not use Then and Now Certificates nor were these commitments subsequently approved by the Board of Trustees within the aforementioned 30 day time period. The clerk should certify the availability of funds prior to making the expenditure and should encumber the entire amount of the invoice at the time of the purchase.

Finding Number	1999-41234-002
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Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 1999, 40% of all General Fund expenditures had not been appropriated. The Township should monitor actual budgetary expenditures closely to assure that appropriations are adequate at the level of control established by the Township.



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CADIZ TOWNSHIP

HARRISON 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**