



**COAL TOWNSHIP
JACKSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COAL TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Coal Township
Jackson County
204 Diggs Road
Wellston, Ohio 45692

To the Township Trustees:

We have audited the accompanying financial statements of Coal Township, Jackson 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 described 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 and reserves for encumbrances of Coal Township, Jackson County, as of December 31, 1999 and 1998, and its combined cash receipts and cash 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 a report dated August 14, 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 Board of Trustees, management and other 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 14, 2000

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$12,834	\$57,157	\$	\$69,991
Licenses, Permits and Fees				
Intergovernmental	31,989	59,509		91,498
Interest	1,632	808	1,347	3,787
Total Cash Receipts	<u>46,455</u>	<u>117,474</u>	<u>1,347</u>	<u>165,276</u>
Cash Disbursements:				
General Government	20,921	479		21,400
Public Safety	3,540			3,540
Public Works		111,562		111,562
Health	3,611			3,611
Capital Outlay	17,052	5,265		22,317
Total Cash Disbursements	<u>45,124</u>	<u>117,306</u>		<u>162,430</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>1,331</u>	<u>168</u>	<u>1,347</u>	<u>2,847</u>
Other Financing Sources/(Uses):				
Other Financing Sources	<u>556</u>			<u>556</u>
Total Other Financing Sources/(Uses)	<u>556</u>			<u>556</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<u>1,887</u>	<u>168</u>	<u>1,347</u>	<u>3,403</u>
Fund Cash Balances, January 1	<u>40,215</u>	<u>60,364</u>	<u>300</u>	<u>100,880</u>
Fund Cash Balances, December 31	<u>\$42,102</u>	<u>\$60,533</u>	<u>\$1,647</u>	<u>\$104,282</u>
Reserve for encumbrances, December 31, 1999	<u>\$807</u>	<u>\$12,052</u>		<u>\$12,858</u>

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

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$13,368	\$53,837	\$	\$67,206
Intergovernmental	30,242	56,899		87,142
Interest	1,565	838		2,403
Miscellaneous		1,010		1,010
Total Cash Receipts	<u>45,176</u>	<u>112,584</u>		<u>157,760</u>
Cash Disbursements:				
General Government	28,025	442		28,468
Public Safety	3,540			3,540
Public Works		95,792		95,792
Health	2,820			2,820
Capital Outlay		16,000		16,000
Total Cash Disbursements	<u>34,385</u>	<u>112,234</u>		<u>146,619</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>10,791</u>	<u>350</u>		<u>11,141</u>
Other Financing Sources/(Uses):				
Other Financing Sources	<u>355</u>			<u>355</u>
Total Other Financing Sources/(Uses)	<u>355</u>			<u>355</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	11,146	350		11,495
Fund Cash Balances, January 1	<u>29,069</u>	<u>60,015</u>	<u>300</u>	<u>89,384</u>
Fund Cash Balances, December 31	<u>\$40,215</u>	<u>\$60,364</u>	<u>\$300</u>	<u>\$100,880</u>
Reserve for encumbrances, December 31, 1998		<u><u>\$3,676</u></u>		<u><u>\$3,676</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Coal Township, Jackson County, is a body politic and corporate 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 and a publically-elected Clerk. The Township provides general governmental services, police services, street lighting, and maintenance of Township roads.

The Township's management believes these financial statements represent 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 a payment is made 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 Township had one primary checking account and had no investments during our audit period.

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:

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 :

Gasoline Tax Fund - This fund received gasoline tax monies to construct, maintain and repair Township roadways.

Permissive Sales Tax Fund - This fund received sales tax monies for the general use of the Township.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Fund

Trust 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 Trust Funds. The Township had the following Expendable Trust Fund:

Cemetery Bequest Fund - This fund received interest toward the care of a Township owned cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (i.e., disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Township Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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.

COAL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999-1998
(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 and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand Deposits	\$ <u>104,282</u>	\$ <u>100,880</u>

Deposits: Deposits are either (1) insured by the Federal Deposit 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, 1999 and December 31, 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$34,600	\$47,011	\$12,411
Special Revenue	<u>105,053</u>	<u>117,474</u>	<u>12,421</u>
Total	<u>\$139,653</u>	<u>\$164,485</u>	<u>\$24,832</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$58,000	\$45,931	\$12,069
Special Revenue	<u>153,742</u>	<u>129,358</u>	<u>24,384</u>
Total	<u>\$211,742</u>	<u>\$175,289</u>	<u>\$36,453</u>

1998 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$32,101	\$45,531	\$13,430
Special Revenue	<u>101,350</u>	<u>112,584</u>	<u>11,234</u>
Total	<u>\$133,451</u>	<u>\$158,115</u>	<u>\$24,664</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$58,000	\$34,385	\$23,615
Special Revenue	<u>153,350</u>	<u>115,910</u>	<u>37,440</u>
Total	<u>\$211,350</u>	<u>\$150,295</u>	<u>\$61,055</u>

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township 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. RETIREMENT SYSTEMS

The Township's employees and 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 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 has obtained commercial insurance coverage for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property



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

Coal Township
Jackson County
204 Diggs Road
Wellston, Ohio 45692

To The Township Trustees:

We have audited the financial statements of Coal Township, Jackson County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 14, 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 Coal 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 audit 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coal 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 control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated August 14, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 14, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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COAL TOWNSHIP

JACKSON 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
AUGUST 29, 2000**