



**GOOD HOPE TOWNSHIP
HOCKING 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

Good Hope Township
Hocking County
12781 Ovid Road
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the accompanying financial statements of Good Hope Township, Hocking 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 Good Hope Township, Hocking 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 March 3, 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 and the Board of Trustees, and other officials authorized to receive this report under Ohio Revised Code § 117.26, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 3, 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>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$25,948	\$88,211	\$43,915	\$158,074
Intergovernmental	24,296	72,064	3,224	99,584
Charges for Services		16,500		16,500
Interest	3,952	609		4,561
Other Revenue	100	4,163		4,263
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,296	181,547	47,139	282,982
Cash Disbursements:				
General Government	64,088			64,088
Public Safety		19,003		19,003
Public Works	1,367	129,828		131,195
Debt Service:				
Redemption of Principal		4,475	32,817	37,292
Interest and Fiscal Charges		975	4,665	5,640
Capital Outlay		48,320		48,320
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	65,455	202,601	37,482	305,538
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(11,159)	(21,054)	9,657	(22,556)
Other Financing Receipts/(Disbursements):				
Transfers-In		10,000		10,000
Transfers-Out	(10,000)			(10,000)
Other Sources	15			15
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(9,985)	10,000	0	15
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(21,144)	(11,054)	9,657	(22,541)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	38,382	63,544	39,318	141,244
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$17,238	\$52,490	\$48,975	\$118,703
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$252	\$5,284	\$0	\$5,536

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**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Local Taxes	\$24,255	\$86,113	\$44,101	\$154,469
Intergovernmental	35,471	81,800	3,166	120,437
Charges for Services		5,500		5,500
Earnings on Investments	4,246	3,644		7,890
Other Revenue		918		918
	63,972	177,975	47,267	289,214
Total Cash Receipts				
Cash Disbursements:				
General Government	55,982			55,982
Public Safety		24,879		24,879
Public Works	874	132,238		133,112
Debt Service:				0
Redemption of Principal			32,817	32,817
Interest and Fiscal Charges			3,456	3,456
Capital Outlay		44,790		44,790
	56,856	201,907	36,273	295,036
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	7,116	(23,932)	10,994	(5,822)
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		17,900		17,900
Other Sources	2,947			2,947
	2,947	17,900	0	20,847
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,063	(6,032)	10,994	15,025
Fund Cash Balances, January 1	28,319	69,576	28,324	126,219
Fund Cash Balances, December 31	\$38,382	\$63,544	\$39,318	\$141,244
Reserve for Encumbrances, December 31	\$981	\$0	\$0	\$981

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999-1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Good Hope Township, Hocking 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. The Township provides general governmental services, including road maintenance, fire protection and cemetery maintenance.

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. 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 by law or contract to be restricted.

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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Road and Bridge Fund - This fund receives property tax money to maintain Township roads and bridges.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire District Fund - This fund receives property tax money to provide fire protection through contracts with other governmental entities.

Miscellaneous Special Revenue Fund (FEMA) - This fund receives money from the Federal Emergency Management Agency and Ohio Emergency Management Agency to provide flood relief to the Township.

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following Debt Service Fund:

General Bond (Note) Retirement Fund – This fund receives tax levy proceeds and transfers of monies from other governmental funds to retire the principal and pay interest due on notes for the acquisition of fire fighting equipment.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Township 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 to the subsequent year and need not be reappropriated. The Township did not encumber all commitments required by law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

F. 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 cash basis of accounting used by the Township.

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:

	1999	1998
Demand Deposits	<u>\$118,703</u>	<u>\$141,244</u>

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or by specific collateral pledged to the Township. Until April 29, 1999, the Township's deposits in excess of \$100,000 were not insured or collateralized, contrary to Ohio law.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,532	\$54,311	(\$221)
Special Revenue	183,870	191,547	7,677
Debt Service	47,589	47,139	(450)
Total	<u>\$285,991</u>	<u>\$292,997</u>	<u>\$7,006</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,984	\$75,707	\$18,277
Special Revenue	247,414	207,885	39,529
Debt Service	86,906	37,482	49,424
Total	<u>\$428,304</u>	<u>\$321,074</u>	<u>\$107,230</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	\$51,272	\$66,919	\$15,647
Special Revenue	173,557	195,875	22,318
Debt Service	48,042	47,267	(775)
Total	\$272,871	\$310,061	\$37,190

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,591	\$57,837	\$21,754
Special Revenue	243,133	201,907	41,226
Debt Service	76,366	36,273	40,093
Total	\$399,090	\$296,017	\$103,073

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Township. 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, 1999, was as follows:

	Principal	Interest Rate
Fire Truck General Obligation Note	\$87,202	5.50%
Road Grader General Obligation Note	13,425	5.45%
Total	\$100,627	

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

5. DEBT (Continued)

The General Obligation Notes were for a fire truck the Township purchased in 1997 and for a grader the Township purchased in 1998. The original note for the fire truck was for \$145,338, with annual payments of \$29,068, plus interest. The original note for the grader was for \$17,900, with annual payments of \$4,475, plus interest.

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

Year Ending December 31:	Fire Truck Note	Road Grader Note
2000	\$33,864	\$5,207
2001	35,462	4,963
2002	<u>37,061</u>	<u>4,719</u>
Total	<u>\$106,387</u>	<u>\$14,889</u>

6. RETIREMENT SYSTEM

All of the Township's employees and elected officials belong to the Public Employees Retirement System of Ohio (PERS), which is a state operated, cost-sharing, multiple-employer public-employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Township's PERS 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, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance coverage for the following risks:

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

The Township also provides health insurance to full-time employees through a private carrier.

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

Good Hope Township
Hocking County
12781 Ovid Road
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the financial statements of Good Hope Township, Hocking County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 3, 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 1999-40737-001 and 1999-40737-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 3, 2000.

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 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 3, 2000.

Good Hope Township
Hocking County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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 3, 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 1999-40737-001

Ohio Rev. Code §135.18 requires the Treasurer of a political subdivision to require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

During 1998 and through April 28, 1999, the Township's depository balance routinely exceeded the Federal Deposit Insurance Corporation amount of \$100,000. As of December 31, 1998, \$51,568 of deposits were neither insured nor collateralized.

We recommend the Township officials monitor the depository balance and the depository agreement to ensure the balance does not exceed the amount covered by the Federal Deposit Insurance Corporation plus the amount pledged as collateral, and, as needed, increase the amount of pledged collateral provided by the financial institution.

FINDING NUMBER 1999-40737-002

Ohio Rev. 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 contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This Section also provides two "exceptions" to the above requirements:

- A. 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 Trustees of the Township 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 Trustees.

Thirteen percent of the transactions tested did not include prior certification of the availability of funds by the Clerk nor were they encumbered until the time of payment, and a "then and now" certificate was not prepared.

We recommend the Clerk certify the availability of funds prior to the cash expenditure and encumber the entire amount of the expenditure at the time the purchase order is approved. If necessary, a "then and now" certificate should be obtained. Additionally, consideration could be given to using blanket purchase orders for recurring monthly expenses.



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GOOD HOPE TOWNSHIP

HOCKING 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 18, 2000**