
**GRAND TOWNSHIP
COLUMBUS REGION, MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**



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HOLBROOK & MANter, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Trustees
Grand Township
Marion County
10027 Rubins Road
LaRue, Ohio 43332

We have reviewed the Independent Auditor's Report of Grand Township, Marion County, prepared by Holbrook & Manter, LLP, for the audit period January 1, 1997 through December 31, 1998. 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.

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. Grand Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish.

JIM PETRO
Auditor of State

January 20, 2000



HOLBROOK & MANTER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Grand Township
Marion County
10027 Rubins Road
LaRue, Ohio 43332

We have audited the accompanying financial statements of Grand Township, Marion County, Ohio, (the Township) as of and for the years ended 1998 and 1997. 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 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 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 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 Grand Township, Marion County, as of December 31, 1998 and December 31, 1997, 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 December 15, 1999 on our consideration of the Government'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 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.

Holbrook & Manter, LLP

Certified Public Accountants

December 15, 1999
Marion, Ohio

GRAND TOWNSHIP
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN FUNDS
CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	General	Special Revenue	Capital Project	(Memorandum Only) Total
Cash receipts:				
Local taxes	\$ 7,244	\$ 0	\$ 0	\$ 7,244
Licenses, Permits & Fees	656	0	0	656
Intergovernmental	58,467	52,180	81,179	191,826
Interest	2,534	1,257	0	3,791
Miscellaneous	849	0	0	849
Total cash receipts	69,750	53,437	81,179	204,366
Cash disbursements:				
Current:				
Public health services	1,333	0	0	1,333
Public Safety	4,494	0	0	4,494
Public works	0	63,269	0	63,269
General government	16,905	0	0	16,905
Capital outlay	700	0	81,179	81,879
Total cash disbursements	23,432	63,269	81,179	167,880
Excess of cash receipts over/(under) cash disbursements	46,318	(9,832)	0	36,486
Fund cash balances January 1, 1998	17,157	33,093	0	50,250
Fund cash balances, December 31, 1998	\$ 63,475	\$ 23,261	\$ 0	\$ 86,736

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

GRAND TOWNSHIP
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN FUNDS
CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1997

	(Memorandum Only)		
	General	Special Revenue	Total
Cash receipts:			
Local taxes	\$ 8,912	\$ 0	\$ 8,912
Intergovernmental	24,920	53,653	78,573
Interest	357	1,175	1,532
Miscellaneous	14	2,649	2,663
Total cash receipts	<u>34,203</u>	<u>57,477</u>	<u>91,680</u>
Cash disbursements:			
Current:			
Public health services	2,236	0	2,236
Public Safety	4,378	0	4,378
Public works	0	18,110	18,110
General government	15,928	0	15,928
Capital outlay	37	22,953	22,990
Total cash disbursements	<u>22,579</u>	<u>41,063</u>	<u>63,642</u>
Excess of cash receipts over/(under) cash disbursements	<u>11,624</u>	<u>16,414</u>	<u>28,038</u>
Fund cash balances January 1, 1997	<u>5,533</u>	<u>16,679</u>	<u>22,212</u>
Fund cash balances, December 31, 1997	<u>\$ 17,157</u>	<u>\$ 33,093</u>	<u>\$ 50,250</u>

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

GRAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Grand Township, Marion 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 three publicly elected 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 were prepared on the cash 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.

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.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Capital Project Issue II Fund

This fund receives Issue II money from the state for constructing and repairing bridges.

GRAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

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 Marion 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 cash as of January 1. The Marion 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 1998 and 1997 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:

	1998	1997	
Deposits	\$ 15,229	\$ 31,670	
Money Market Investment	71,507	18,580	
Total Deposits	\$ 86,736	\$ 50,250	

Deposits - The Townships deposits are insured by the Federal Depository Insurance Corporation.

**GRAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

NOTE 3 – BUDGETARY ACTIVITY:-

Budgetary activity for the years ending December 31, 1998 and 1997 was as follows:

1998 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 18,757	\$ 69,750	\$ 50,993
Special Revenue	55,440	53,437	(2,003)
Capital Projects	64,673	81,179	16,506
Total	<u>\$ 138,870</u>	<u>\$ 204,366</u>	<u>\$ 65,496</u>

1998 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 35,913	\$ 23,432	\$ 12,481
Special Revenue	88,533	63,269	25,264
Capital Projects	81,179	81,179	0
Total	<u>\$ 205,625</u>	<u>\$ 167,880</u>	<u>\$ 37,745</u>

**GRAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 and 1997**

NOTE 3 – BUDGETARY ACTIVITY:- (continued)

1997 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 17,487	\$ 34,204	\$ 16,717
Special Revenue	<u>54,084</u>	<u>57,476</u>	<u>3,392</u>
Total	<u>\$ 71,571</u>	<u>\$ 91,680</u>	<u>\$ 20,109</u>

1997 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 37,750	\$ 22,580	\$ 15,170
Special Revenue	70,732	41,062	29,670
Capital Projects	<u>64,673</u>	<u>0</u>	<u>64,673</u>
Total	<u>\$ 173,155</u>	<u>\$ 63,642</u>	<u>\$ 109,513</u>

NOTE 4 – PROPERTY TAX:-

Real property taxes become a lien on January 1 proceeding 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 Marion 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.

GRAND TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 and 1997

NOTE 4 – PROPERTY TAX:- (continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the Marion 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 1998 and 1997, 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, 1998.

NOTE 6 – RISK MANAGEMENT:-

The Township has obtained commercial insurance for the following risks from the Westfield Insurance Company:

- Comprehensive property and general liability
- Vehicles
- Commercial Inland Marine

NOTE 7 – YEAR 2000 ISSUE:-

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

Grand Township has completed an inventory of computer systems and other electronic equipment necessary to conducting Township operations:

- The Township leases the Auditor of State's Uniform Accounting Network (UAN) system for its financial operations. The Auditor of State is responsible for remediating these systems and is solely responsible for any costs associated with this project.
- Tax collection for the Township is handled by Marion County. The County is responsible for remediating this system, and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Township is or will be Year 2000 ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be year 2000 ready.



HOLBROOK & MANTER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Grand Township
Marion County
10027 Rubins Road
LaRue, OH 43332

We have audited the accompanying financial statements of Grand Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated December 15, 1999. We conducted our audits 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 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 no instances that are required to be reported under *Government Auditing Standards*.

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 matter 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.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Township in a separate letter dated December 15, 1999.

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

Holbrook & Menter, LLP

Certified Public Accountants

December 15, 1999
Marion, Ohio

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GRAND TOWNSHIP

MARION 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.

By: Susan Babbitt

Date: FEBRUARY 3, 2000