AUDITOR O

LANIER TOWNSHIP PREBLE COUNTY

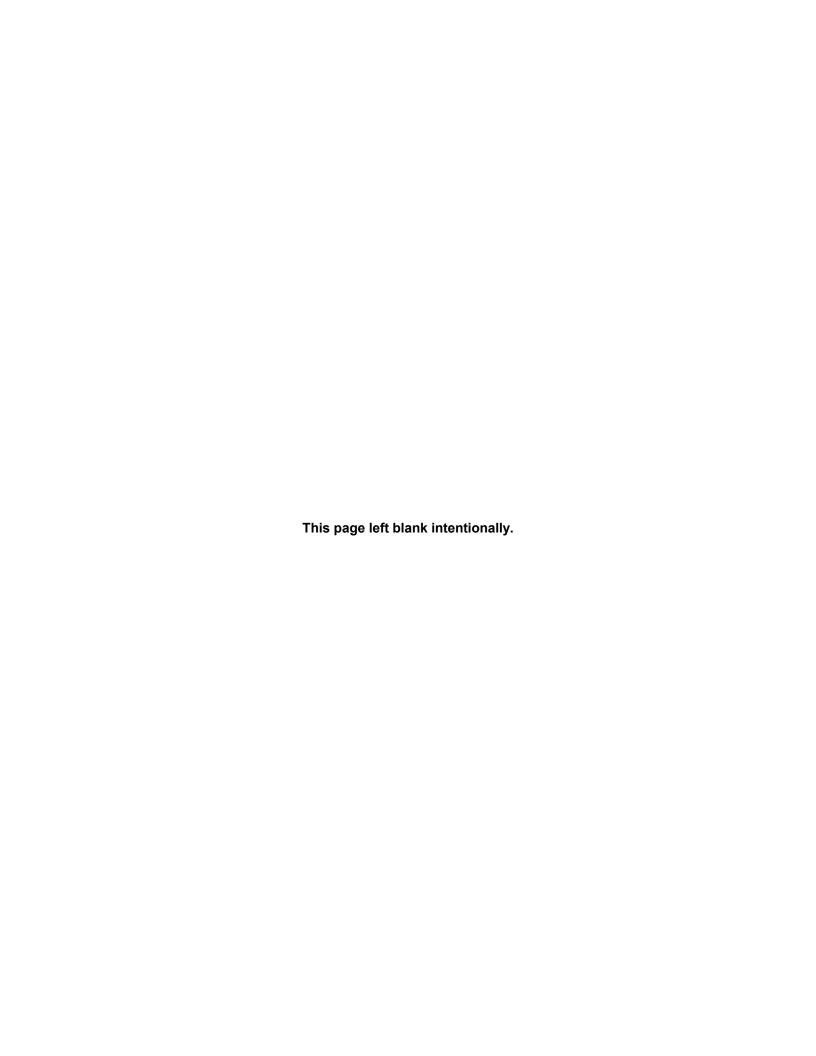
REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



LANIER TOWNSHIP TABLE OF CONTENTS

IIILE	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	5
Report of Independent Accountants on Compliance and on Internal Control Required by Government Auditing Standards	11





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REPORT OF INDEPENDENT ACCOUNTANTS

Lanier Township Preble County 603 Enterprise Road West Alexandria, Ohio 45381

To the Board of Trustees:

We have audited the accompanying financial statements of Lanier Township, Preble 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 Lanier Township, Preble County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 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 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

June 29, 2000

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LANIER TOWNSHIP 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	Fiduciary Funds	Totals (Memorandum Only)
Cash Receipts:				
Local Taxes	\$19,434	\$148,896		\$168,330
Intergovernmental	54,605	80,959		135,564
Licenses, Permits, and Fees		13,017		13,017
Earnings on Investments	12,191	4,064	191	16,446
Other Revenue	60	8,963		9,023
Total Cash Receipts	86,290	255,899	191	342,380
Cash Disbursements:				
Current:				
General Government	50,474	55,788		106,262
Public Works	650	144,772		145,422
Health	4,053	50,697	5 4	54,750
Supplies and Materials			51_	51
Total Cash Disbursements	55,177	251,257	51	306,485
Total Receipts Over/(Under) Disbursements	31,113	4,642	140	35,895
Other Financing Receipts/(Disbursements):				
Other Sources		3,700		3,700
Total Other Financing Receipts/(Disbursements)		3,700	0	3,700
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements				
and Other Financing Disbursements	31,113	8,342	140	39,595
Fund Cash Balances, January 1	54,424	377,339	4,350	436,113
Fund Cash Balances, December 31	\$85,537	\$385,681	\$4,490	\$475,708

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

LANIER TOWNSHIP 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

Government Fund Types

	General	Special Revenue	Fiduciary Funds	Totals (Memorandum Only)
Cash Receipts:				
Local Taxes	\$19,524	\$151,258		\$170,782
Intergovernmental	37,309	77,949		115,258
Licenses, Permits, and Fees	07,000	17,697		17,697
Earnings on Investments	9,615	3,011	213	12,839
Other Revenue	3,958	7,324	2.0	11,282
Other revenue				
Total Cash Receipts	70,406	257,239	213	327,858
Cash Disbursements: Current:				
General Government	49,131	51,753		100,884
Public Works	635	93,581		94,216
Health	4,053	55,969		60,022
Supplies and Materials			54_	54
Total Cash Disbursements	53,819	201,303	54_	255,176
Total Receipts Over/(Under) Disbursements	16,587	55,936	159	72,682
Other Financing Receipts/(Disbursements):				
Other Sources		7,250		7,250
Total Other Financing Receipts/(Disbursements)		7,250		7,250
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements				
and Other Financing Disbursements	16,587	63,186	159	79,932
Fund Cash Balances, January 1	37,837	314,153	4,191	356,181
Fund Cash Balances, December 31	\$54,424	\$377,339	\$4,350	\$436,113

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lanier Township, Preble County, Ohio (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, fire protection and emergency medical services. The Township contracts with the Village of West Alexandria to provide fire and emergency medical 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 Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and deposits 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:

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Cemetery Fund - This fund receives property tax money for maintaining Township cemeteries. This fund also receives fees for burial services and sale of lots.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest - This fund is used to account for three cemetery bequests given to the Township. The bequests are maintained in certificates of deposit.

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 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 does not use the encumbrance method of accounting; however, a review was performed to determine the amount of encumbrances at year-end which were not encumbered. As of December 31, 1999 and 1998, there were no material unreserved encumbrances outstanding.

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.

2. EQUITY IN POOLED CASH AND DEPOSITS

The Township maintains a cash and deposits pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$321,958	\$282,363
Certificates of deposit	<u>153,750</u>	<u>153,750</u>
Total deposits	<u>\$475,708</u>	<u>\$436,113</u>

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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	<u>Variance</u>
General	\$53,289	\$86,290	\$33,001
Special Revenue	259,830	259,599	(231)
Fiduciary	217	191	(26)
Total	<u>\$313,336</u>	<u>\$346,080</u>	\$32,744
1999 Budge			
Fund Type	Appropriation <u>Authority</u>	Budgetary <u>Expenditures</u>	<u>Variance</u>
General	\$107,713	\$55,177	\$52,536
Special Revenue	637,169	251,257	385,912
Fiduciary	4,567	51	4,516
Total	<u>\$749,449</u>	<u>\$306,485</u>	<u>\$442,964</u>

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	<u>Variance</u>	
General	\$52,939	\$70,406	\$17,467	
Special Revenue	259,440	264,489	5,049	
Fiduciary	217	213	(4)	
Total	<u>\$312,596</u>	<u>\$335,108</u>	<u>\$22,512</u>	
1998 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation <u>Authority</u>	Budgetary <u>Expenditures</u>	<u>Variance</u>	
General	\$90,775	\$53,819	\$36,956	
Special Revenue	573,596	201,303	372,293	
Fiduciary	4,408	54	4,354	
Total	<u>\$668,779</u>	<u>\$255,176</u>	<u>\$413,603</u>	

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 payments, 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. 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.

5. RETIREMENT SYSTEMS (Continued)

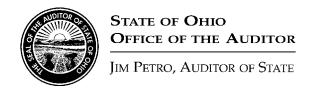
Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998 PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

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

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

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

Lanier Township Preble County 603 Enterprise Road West Alexandria, Ohio 45381

To the Board of Trustees:

We have audited the accompanying financial statements of Lanier Township, Preble County, Ohio (the Township), as of and for the years ended December 31, 1999, and 1998 and have issued our report thereon dated June 29, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 29, 2000.

Internal Control Over Financial Reporting

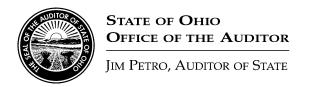
In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 June 29, 2000.

Lanier Township
Preble 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

June 29, 2000



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LANIER TOWNSHIP

PREBLE 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.

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED AUGUST 1, 2000