



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Changes in Fund Cash Balances – All Governmental 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 <i>Government Auditing Standards</i>	11
Schedule of Findings	13

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REPORT OF INDEPENDENT ACCOUNTANTS

Ross Township
Butler County
3133 Hamilton-Cleves Road
Ross, Ohio 45061

To the Board of Trustees:

We have audited the accompanying financial statements of Ross Township, Butler 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 and reserves for encumbrances of the Township as of December 31, 1999 and 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 31, 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 31, 2000

**CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Taxes	\$82,415	\$425,536	\$507,951
Charges for Services	0	16,971	16,971
License, Permits and Fees	0	413	413
Fines and Forfeitures	6,815	867	7,682
Intergovernmental Receipts	311,301	111,772	423,073
Earnings on Investments	43,816	1,863	45,679
Other Revenue	37,683	38,580	76,263
	<u>482,030</u>	<u>596,002</u>	<u>1,078,032</u>
Cash Disbursements:			
General Government	168,837	47,269	216,106
Public Safety	0	133,406	133,406
Public Works	7,182	218,563	225,745
Health	3,333	0	3,333
Capital Outlay	22,929	58,174	81,103
	<u>202,281</u>	<u>457,412</u>	<u>659,693</u>
Total Receipts Over/(Under) Disbursements	<u>279,749</u>	<u>138,590</u>	<u>418,339</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	20,000	20,000
Transfers-Out	(20,000)	0	(20,000)
Advances-In	71,213	48,061	119,274
Advances-Out	(48,061)	(71,213)	(119,274)
	<u>3,152</u>	<u>(3,152)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	282,901	135,438	418,339
Fund Cash Balances, January 1	524,789	192,544	717,333
Fund Cash Balances, December 31	<u>\$807,690</u>	<u>\$327,983</u>	<u>\$1,135,673</u>
Reserves for Encumbrances, December 31	<u>\$439</u>	<u>\$36,086</u>	<u>\$36,525</u>

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

**CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Taxes	\$80,376	\$416,523	\$496,899
Charges for Services	0	2,819	2,819
Licenses, Permits, and Fees	1	270	271
Fines and Forfeitures	6,801	750	7,551
Intergovernmental Receipts	281,132	133,474	414,606
Earnings on Investments	32,071	1,714	33,785
Other Revenue	20,297	7,613	27,910
	<u>420,678</u>	<u>563,163</u>	<u>983,841</u>
Cash Disbursements:			
General Government	135,367	51,662	187,029
Public Safety	0	98,136	98,136
Public Works	9,415	200,695	210,110
Health	3,409	0	3,409
Capital Outlay	3,070	331,052	334,122
	<u>151,261</u>	<u>681,545</u>	<u>832,806</u>
Total Receipts Over/(Under) Disbursements	<u>269,417</u>	<u>(118,382)</u>	<u>151,035</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	20,000	20,000
Transfers-Out	(20,000)	0	(20,000)
Advances-In	50,000	1,213	51,213
Advances-Out	(1,213)	(50,000)	(51,213)
Other Financing Sources	23,845	0	23,845
	<u>52,632</u>	<u>(28,787)</u>	<u>23,845</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	322,049	(147,169)	174,880
Fund Cash Balances, January 1	<u>202,739</u>	<u>339,713</u>	<u>542,452</u>
Fund Cash Balances, December 31	<u>\$524,789</u>	<u>\$192,544</u>	<u>\$717,333</u>
Reserves for Encumbrances, December 31	<u>\$1,222</u>	<u>\$10,122</u>	<u>\$11,344</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

Ross Township, Butler 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, police and fire protection 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 Investments

Certificates of deposit are valued at cost.

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 capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Police District - This fund receives taxes and intergovernmental revenues for the operation of the Township Police Department.

Fire District - This fund receives taxes and intergovernmental revenues for the operation of the Township fire department.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for the 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 Capital Project Fund:

FEMA Grant Fund - This fund was used for the repair of storm culverts from flood damage.

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 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. Unencumbered appropriations lapse at year end. The Township budgets transfers and advances annually.

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 individual 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.

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 noted as liabilities under the basis of accounting used by the Township.

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$89,398	\$163,965
Certificates of deposit	<u>1,046,275</u>	<u>553,368</u>
Total deposits	<u><u>\$1,135,673</u></u>	<u><u>\$717,333</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (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 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$411,472	\$553,243	\$141,771
Special Revenue	<u>617,939</u>	<u>664,063</u>	<u>46,124</u>
Total	<u><u>\$1,029,411</u></u>	<u><u>\$1,217,306</u></u>	<u><u>\$187,895</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$896,261	\$270,781	\$625,480
Special Revenue	<u>783,193</u>	<u>564,711</u>	<u>218,482</u>
Total	<u><u>\$1,679,454</u></u>	<u><u>\$835,492</u></u>	<u><u>\$843,962</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$348,312	\$494,523	\$146,211
Special Revenue	<u>514,370</u>	<u>584,376</u>	<u>70,006</u>
Total	<u><u>\$862,682</u></u>	<u><u>\$1,078,899</u></u>	<u><u>\$216,217</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$551,051	\$173,696	\$377,355
Special Revenue	854,084	741,667	112,417
Total	\$1,405,135	\$915,363	\$489,772

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.

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. LEASES

The Township has entered into a lease agreement in 1998 with New Holland Credit Company to finance the purchase of a new back hoe in the amount of \$30,000. The lease agreement qualifies as a capital lease for accounting purposes since the title transfers at the end of the lease term. The Township paid off the lease in 1999.

6. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide 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 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.

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

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

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

Ross Township
Butler County
3133 Hamilton-Cleves Road
Ross, Ohio 45061

To the Board of Trustees:

We have audited the accompanying financial statements of Ross Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 31, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-40409-001.

We also noted an immaterial instance of noncompliance, that we have reported to the management of the Township in a separate letter dated March 31, 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 a matter 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 31, 2000.

Ross Township
Butler 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 31, 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 1999-40409-001

Noncompliance Citation

Ohio Rev. Code, Section 5549.21, states that the purchase of materials, machinery and tools to be used in constructing, maintaining and repairing roads and culverts, where the amount exceeds \$15,000 requires competitive bidding. Our review of contracts and expenditures disclosed that a lease purchase of a new back hoe in the amount of \$30,000 in 1998 was not competitively bid. The Township's failure to competitively bid not only contradicts the Ohio Rev. Code, but also increases the chance of not obtaining the lowest cost for the items being purchased.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ROSS TOWNSHIP

BUTLER 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 25, 2000**