



**TWIN TOWNSHIP  
ROSS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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**REPORT OF INDEPENDENT ACCOUNTANTS**

Twin Township  
Ross County  
5070 Sparqursville Road  
Bainbridge, Ohio 45612

To the Board of Trustees:

We have audited the accompanying financial statements of Twin Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 the Township as of December 31, 1999 and December 31, 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 7, 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 of Trustees 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.

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

**JIM PETRO**  
Auditor of State

March 7, 2000



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Non- Expendable Trust	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>		
<b>Cash Receipts:</b>					
Local Taxes	\$28,580	\$72,108	\$13,647	\$0	\$114,335
Intergovernmental	69,826	94,797	0	0	164,623
Special Assessments	0	6,874	0	0	6,874
Charges for Services	0	18,065	0	0	18,065
Earnings on Investments	3,623	369	0	768	4,760
Other Revenue	872	10,827	0	0	11,699
	<u>102,901</u>	<u>203,040</u>	<u>13,647</u>	<u>768</u>	<u>320,356</u>
<b>Total Cash Receipts</b>					
	<u>102,901</u>	<u>203,040</u>	<u>13,647</u>	<u>768</u>	<u>320,356</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	83,576	0	0	0	83,576
Public Safety	459	29,702	0	0	30,161
Public Works	6,146	100,631	0	0	106,777
Health	4,381	24,573	0	0	28,954
Debt Service:					
Redemption of Principal			13,495	0	13,495
Interest and Fiscal Charges			3,010	72	3,082
Capital Outlay	246	22,994	0	0	23,240
	<u>94,808</u>	<u>177,900</u>	<u>16,505</u>	<u>72</u>	<u>289,285</u>
<b>Total Cash Disbursements</b>					
	<u>94,808</u>	<u>177,900</u>	<u>16,505</u>	<u>72</u>	<u>289,285</u>
<b>Total Receipts Over/(Under) Disbursements</b>	8,093	25,140	(2,858)	696	31,071
<b>Fund Cash Balances, January 1</b>	61,017	43,029	2,938	7,334	114,318
<b>Fund Cash Balances, December 31</b>	<u><u>\$69,110</u></u>	<u><u>\$68,169</u></u>	<u><u>\$80</u></u>	<u><u>\$8,030</u></u>	<u><u>\$145,389</u></u>

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 AND NON-EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Non- Expendable Trust	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>		
<b>Cash Receipts:</b>					
Local Taxes	\$25,412	\$77,767	\$5,877	\$0	\$109,056
Intergovernmental	44,966	97,698	0	0	142,664
Special Assessments	0	7,400	0	0	7,400
Charges for Services	0	13,500	0	0	13,500
Earnings on Investments	4,727	320	0	117	5,164
Other Revenue	3,767	12,241	0	0	16,008
<b>Total Cash Receipts</b>	<u>78,872</u>	<u>208,926</u>	<u>5,877</u>	<u>117</u>	<u>293,792</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	77,121	0	0	0	77,121
Public Safety	202	26,810	0	0	27,012
Public Works	23,329	106,480	0	0	129,809
Health	4,628	17,423	0	0	22,051
Miscellaneous	0	0	0	665	665
Debt Service:					
Redemption of Principal	0	0	5,136	0	5,136
Interest and Fiscal Charges	0	0	741	72	813
Capital Outlay	0	118,816	0	0	118,816
<b>Total Cash Disbursements</b>	<u>105,280</u>	<u>269,529</u>	<u>5,877</u>	<u>737</u>	<u>381,423</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(26,408)</u>	<u>(60,603)</u>	<u>0</u>	<u>(620)</u>	<u>(87,631)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	45,000	0	0	45,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>45,000</u>	<u>0</u>	<u>0</u>	<u>45,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(26,408)	(15,603)	0	(620)	(42,631)
Fund Cash Balances, January 1	87,425	58,632	2,938	7,954	156,949
<b>Fund Cash Balances, December 31</b>	<u><u>\$61,017</u></u>	<u><u>\$43,029</u></u>	<u><u>\$2,938</u></u>	<u><u>\$7,334</u></u>	<u><u>\$114,318</u></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**

Twin Township, Ross 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 a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Union Township to provide fire 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 deposits are valued at cost. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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

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

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

Fire Levy Fund- This fund receives tax money to provide fire fighting and emergency services to the Township.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds

Note Retirement Fund- This fund accumulates resources for the retirement of a Dump Truck Note.

**4. Fiduciary Fund (Non-Expendable Trust Fund)**

This fund is used to account for resources restricted by a legally binding trust agreement and the terms of the agreement does not allow the Township the spend the corpus of the trust. The Township had the following significant trust fund:

Non-Expendable Trust- This fund earns interest from a cemetery bequest for the upkeep of the cemetery.

**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, 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 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. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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.

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

**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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$138,389	\$107,318
Certificates of deposit	<u>7,000</u>	<u>7,000</u>
Total deposits	<u><u>\$145,389</u></u>	<u><u>\$114,318</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository 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 follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,878	\$102,901	\$26,023
Special Revenue	200,476	203,040	2,564
Debt Service	13,647	13,647	0
Fiduciary	<u>396</u>	<u>768</u>	<u>372</u>
Total	<u><u>\$291,397</u></u>	<u><u>\$320,356</u></u>	<u><u>\$28,959</u></u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,730	\$94,808	\$16,922
Special Revenue	188,003	177,900	10,103
Debt Service	16,657	16,505	152
Fiduciary	<u>396</u>	<u>72</u>	<u>324</u>
Total	<u><u>\$316,786</u></u>	<u><u>\$289,285</u></u>	<u><u>\$27,501</u></u>

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,975	\$78,872	\$10,897
Special Revenue	213,536	253,926	40,390
Debt Service	8,814	5,877	(2,937)
Fiduciary	376	117	(259)
Total	\$290,701	\$338,792	\$48,091

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,711	\$105,280	\$10,431
Special Revenue	253,344	269,529	(16,185)
Debt Service	5,877	5,877	0
Fiduciary	1,300	737	563
Total	\$376,232	\$381,423	(\$5,191)

The Township's expenditures exceeded appropriations in both 1998 and 1999 in the Gasoline Tax Fund and Road/Bridge Fund.

**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.

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.

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	\$36,992	6%

The general obligation note was issued to finance the purchase of a new dump truck to be used for Township road maintenance. The note is collateralized solely by the Dump Truck purchased and the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes
2000	10,708
2001	10,708
2002	10,708
2003	10,708
Total	\$42,832

In addition to the debt described above, the Township has defeased certain debt issues in prior years. Since trustee assets should provide sufficient resources to retire this issue, the investments and debt are not presented in this report.

**6. RETIREMENT SYSTEMS**

The Township's 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 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, 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 for the following risks:

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

The Township also provides health insurance, life 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**

Twin Township  
Ross County  
5070 Sparqursville Road  
Bainbridge, Ohio 45612

To the Board of Trustees:

We have audited the accompanying financial statements of Twin Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 7, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40771-001 and 1999-40771-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 7, 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 March 7, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**JIM PETRO**  
Auditor of State

March 7, 2000



**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 1999-40771-001**

Ohio Rev. Code Section 5705.40 states no subdivision or taxing unit is to expend money unless it has been appropriated. The following line item expenditures exceeded appropriations as of December 31 of the year indicated:

<b>Line Item</b>	<b>Amount Expenditures exceeded Appropriations in 1999</b>	<b>Amount Expenditures exceeded Appropriations in 1998</b>
1000-110-229	\$5,223	\$481
1000-330-420	\$0	\$7,000
2021-330-160	\$2,127	\$0
2021-330-211	\$317	\$1,841
2021-330-420	\$0	\$3,371
2041-410-160	\$1,373	\$432
2191-760-599	\$0	\$543
2191-760-740	\$0	\$61,270

The following fund expenditures exceeded appropriations as of December 31 of the year indicated:

<b>Fund</b>	<b>Amount Expenditures exceeded Appropriations in 1999</b>	<b>Amount Expenditures exceeded Appropriations in 1998</b>
Gasoline Tax	\$472	\$7,498
Road and Bridge	\$14,070	\$11,053
Fire	\$5,586	\$0

We recommend that the Township only make expenditures if authorized appropriations are available

**FINDING NUMBER 1999-40771-002**

Ohio Rev. Code Section 5705.41(D) requires that no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal office that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection. In 22% of the transactions tested purchase orders were not dated as of or prior to the invoice date.

We recommend the Clerk encumber the necessary funds by purchase order prior to making a purchase.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**TWIN TOWNSHIP**

**ROSS 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  
MAY 9, 2000**