



**ELK TOWNSHIP  
NOBLE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



ELK TOWNSHIP  
NOBLE COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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## REPORT OF INDEPENDENT ACCOUNTANTS

Elk Township  
Noble County  
40814 Crum Ridge Road  
Caldwell, OH 43724

To the Board of Trustees:

We have audited the accompanying financial statements of Elk Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 Elk Township, Noble County, as of December 31, 2000 and 1999, 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 14, 2001, 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 an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the 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.

**Jim Petro**  
Auditor of State

March 14, 2001

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**ELK TOWNSHIP  
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$4,808	\$4,004	\$	\$8,812
Intergovernmental	8,627	72,971	3,631	85,229
Earnings on Investments	246	213		459
Other Revenue	35			35
	<u>13,716</u>	<u>77,188</u>	<u>3,631</u>	<u>94,535</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	11,309		0	11,309
Public Safety	650		0	650
Public Works	810	79,126	0	79,936
Health	1,079		0	1,079
Debt Service:				
Redemption of Principal			2,778	2,778
Interest and Fiscal Charges			666	666
Capital Outlay	40		0	40
	<u>13,888</u>	<u>79,126</u>	<u>3,444</u>	<u>96,458</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	(172)	(1,938)	187	(1,923)
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	8	0	0	8
	<u>8</u>	<u>0</u>	<u>0</u>	<u>8</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(164)	(1,938)	187	(1,915)
Fund Cash Balances, January 1	2,258	11,868	3,808	17,934
<b>Fund Cash Balances, December 31</b>	<u><b>\$2,094</b></u>	<u><b>\$9,930</b></u>	<u><b>\$3,995</b></u>	<u><b>\$16,019</b></u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

ELK TOWNSHIP  
NOBLE COUNTY

**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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$4,770	\$4,772	\$	\$9,542
Intergovernmental	6,887	65,902	3,948	76,737
Earnings on Investments	829			829
Other Revenue	11	530		541
	<u>12,497</u>	<u>71,204</u>	<u>3,948</u>	<u>87,649</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	14,230			14,230
Public Safety	800			800
Public Works	630	97,269		97,899
Health	1,149			1,149
Debt Service:				
Redemption of Principal			2,778	2,778
Interest and Fiscal Charges			834	834
Capital Outlay		3,790		3,790
	<u>16,809</u>	<u>101,059</u>	<u>3,612</u>	<u>121,480</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,312)</u>	<u>(29,855)</u>	<u>336</u>	<u>(33,831)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	1,907	26,057		27,964
Transfers-Out		(27,964)		(27,964)
Other Sources	20			20
	<u>1,927</u>	<u>(1,907)</u>	<u>0</u>	<u>20</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,385)	(31,762)	336	(33,811)
Fund Cash Balances, January 1	4,643	43,630	3,472	51,745
<b>Fund Cash Balances, December 31</b>	<u><b>\$2,258</b></u>	<u><b>\$11,868</b></u>	<u><b>\$3,808</b></u>	<u><b>\$17,934</b></u>
Reserve for Encumbrances, December 31	<u>\$1,628</u>	<u>\$9,074</u>	<u>\$0</u>	<u>\$10,702</u>

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

**ELK TOWNSHIP  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Elk Township, Noble 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 and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Bethel and Salem Township Volunteer Fire Departments 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. 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:

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

Motor Vehicle License Fund - This fund receives motor vehicle license tax money for maintaining Township roads.

**ELK TOWNSHIP  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**C. 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 Fund:

Bond Retirement - This fund receives gasoline tax monies to pay for debt incurred from the purchase of a road grader.

**D. 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. 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year. .

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**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.

**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 and investments at December 31 was as follows:

**ELK TOWNSHIP  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH (Continued)**

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$16,019</u>	<u>\$17,934</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$13,257	\$13,724	\$467
Special Revenue	78,925	77,188	(1,737)
Debt Service	3,611	3,631	20
Total	\$95,793	\$94,543	(\$1,250)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$14,621	\$13,888	\$733
Special Revenue	91,686	79,126	12,560
Debt Service	7,420	3,444	3,976.
Total	\$113,727	\$96,458	\$17,269

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,559	\$14,424	\$2,865
Special Revenue	60,762	97,261	36,499
Debt Service	3,611	3,948	337.
Total	\$75,932	\$115,633	\$39,701

**ELK TOWNSHIP  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$16,202	\$18,437	(\$2,235)
Special Revenue	104,391	138,097	(33,706)
Debt Service	7,083	3,612	3,471.
Total	\$127,676	\$160,146	(\$32,470)

**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. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Promissory Note	\$8,334	6%
Total	\$8,334	

The promissory note was issued to finance the purchase of a road grader to be used for Township road maintenance. The note is collateralized by the equipment.

**ELK TOWNSHIP  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. DEBT (Continued)**

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

<u>Year ending December 31:</u>	<u>Promissory Note</u>
2001	\$3,278
2002	3,111
2003	<u>2,944</u>
Total	<u><u>\$9,333</u></u>

**6. RETIREMENT SYSTEMS**

The Township's elected officials and 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000 PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health and life insurance coverage to elected officials through a private carrier.

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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

Elk Township  
Noble County  
40814 Crum Ridge Road  
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of Elk Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 14, 2001. 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 2000-41061-001 and 2000-41061-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 14, 2001.

**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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 14, 2001.

Elk Township  
Noble 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 the 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 14, 2001

ELK TOWNSHIP  
NOBLE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2000-41061-001

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10 states, in part, that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Federal Emergency Management Agency Fund had a deficit balance of \$9,287 during November and December of 1999.

The Township should monitor fund cash balances and adjust spending or utilize advances to avoid negative fund cash balances. If the clerk needs further clarification, she should review Auditor of State Bulletin 97-003.

FINDING NUMBER 2000-41061-002

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41 (B) states, no subdivision or taxing unit is to expend money unless it has been appropriated.

For 1999, the following funds had expenditures in excess of appropriations at the legal level of control:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
General Fund	\$16,202	\$18,437	\$ 2,235
Special Revenue Fund Type:			
Motor Vehicle License Tax Fund	23,738	28,133	4,395
Gasoline Tax Fund	54,722	73,809	19,087
Road and Bridge Fund	7,255	8,191	936
FEMA Grant Fund	18,677	27,964	9,287

We recommend the Clerk modify appropriations with the Board of Trustees and County Budget Commission whenever expenditures exceed appropriations. The Clerk should deny any payments until the legislative authority has passed the appropriations.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**ELK TOWNSHIP**

**NOBLE 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 1, 2001**