



**FLATROCK TOWNSHIP
HENRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

FLATROCK TOWNSHIP
HENRY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Flatrock Township
Henry County
J-232 County Road 14
Napoleon, Ohio 43545-7430

To the Board of Trustees:

We have audited the accompanying financial statements of Flatrock Township, Henry County, Ohio, (the Township) as of and for the years ended 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 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 Flatrock Township, Henry County, Ohio, 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 February 28, 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. That report is an integral part of our audit performed in accordance with the Governmental 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 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

February 28, 2001

**FLATROCK TOWNSHIP
HENRY COUNTY**

**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, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Taxes	\$15,879	\$93,755			\$109,634
Charges for Services	4,000				4,000
Licenses, Permits and Fees	595	500			1,095
Intergovernmental Revenue	35,343	74,363			109,706
Interest	8,449	3,010		\$386	11,845
Other Revenue	334	11,860			12,194
	<u>64,600</u>	<u>183,488</u>		<u>386</u>	<u>248,474</u>
Total Cash Receipts					
	<u>64,600</u>	<u>183,488</u>		<u>386</u>	<u>248,474</u>
Cash Disbursements:					
Current:					
General Government	26,010	29,401			55,411
Public Safety	6,369				6,369
Public Works		96,453			96,453
Health		7,465			7,465
Operating Disbursements:					
Purchased Services				350	350
Debt Service:					
Capital Outlay	200	41,615			41,815
	<u>32,579</u>	<u>174,934</u>		<u>350</u>	<u>207,863</u>
Total Cash Disbursements					
	<u>32,579</u>	<u>174,934</u>		<u>350</u>	<u>207,863</u>
Total Receipts Over/(Under) Disbursements	<u>32,021</u>	<u>8,554</u>		<u>36</u>	<u>40,611</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		32,235	\$22,235		54,470
Transfers-Out	(10,000)	(22,235)	(22,235)		(54,470)
	<u>(10,000)</u>	<u>10,000</u>			
Total Other Financing Receipts/(Disbursements)					
	<u>(10,000)</u>	<u>10,000</u>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,021	18,554		36	40,611
Fund Cash Balances, January 1	217,657	329,513		7,321	554,491
Fund Cash Balances, December 31	<u><u>\$239,678</u></u>	<u><u>\$348,067</u></u>		<u><u>\$7,357</u></u>	<u><u>\$595,102</u></u>

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

**FLATROCK TOWNSHIP
HENRY COUNTY**

**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
Cash Receipts:		
Taxes	\$13,331	\$102,213
Charges for Services	4,000	
Licenses, Permits and Fees	680	200
Intergovernmental Receipts	44,665	74,681
Interest	8,010	3,442
Other Revenue	150	11,350
	<u>70,836</u>	<u>191,886</u>
Total Cash Receipts		
Cash Disbursements:		
Current:		
General Government	23,605	38,925
Public Safety	5,007	
Public Works		81,186
Health	168	9,210
Operating Disbursements:		
Purchased Services		
Debt Service:		
Redemption of Principal		
Interest and Fiscal Charges		
Capital Outlay	3,041	26,656
	<u>31,821</u>	<u>155,977</u>
Total Cash Disbursements		
Total Receipts Over/(Under) Disbursements	<u>39,015</u>	<u>35,909</u>
Other Financing Receipts/(Disbursements):		
Transfers-In		2,525
Transfers-Out	(2,525)	(3,979)
	<u>(2,525)</u>	<u>(1,454)</u>
Total Other Financing Receipts/(Disbursements)		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,490	34,455
Fund Cash Balances, January 1	<u>181,167</u>	<u>295,058</u>
Fund Cash Balances, December 31	<u>\$217,657</u>	<u>\$329,513</u>

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

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
			\$115,544
			4,000
			880
			119,346
		\$354	11,806
	\$357		11,857
	357	354	263,433
			62,530
			5,007
			81,186
			9,378
		269	269
\$16,555			16,555
943			943
	357		30,054
17,498	357	269	205,922
(17,498)		85	57,511
3,979			6,504
			(6,504)
3,979			
(13,519)		85	57,511
13,519		7,236	496,980
		\$7,321	\$554,491

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**FLATROCK TOWNSHIP
HENRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Flatrock Township, Henry County, 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.

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.

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 by law or contract to be restricted.

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.

**FLATROCK TOWNSHIP
HENRY COUNTY**

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

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

Debt Service Fund - This fund receives special levy funds for the repayment of fire truck equipment debt.

4. Capital Project Funds

These funds are used to account for 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 significant capital project funds:

Capital Projects Fund - Received proceeds from the State Fire Marshall's grant. The proceeds were used to purchase equipment for the Fire Department.

5. Fiduciary Funds (Trust)

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township had the following significant fiduciary funds:

Cemetery Bequest Fund - Interest proceeds are utilized for cemetery maintenance improvements.

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.

**FLATROCK TOWNSHIP
HENRY COUNTY**

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

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 2000 and 1999 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.

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>2000</u>	<u>1999</u>
Demand deposits	\$487,866	\$547,255
Certificates of deposit	107,236	7,236
Total deposits and investments	\$595,102	\$554,491

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$277,612	\$64,600	(\$213,012)
Special Revenue	488,339	215,723	(272,616)
Debt Service	22,235	22,235	
Fiduciary	440	386	(54)
Total	\$788,626	\$302,944	(\$485,682)

**FLATROCK TOWNSHIP
HENRY COUNTY**

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

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,174	\$42,579	\$21,595
Special Revenue	395,901	197,169	198,732
Debt Service	22,235	22,235	
Fiduciary	10,440	350	10,090
Total	<u>\$492,750</u>	<u>\$262,333</u>	<u>\$230,417</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$236,288	\$70,836	(\$165,452)
Special Revenue	435,218	194,411	(240,807)
Debt Service	18,000	3,979	(14,021)
Capital Projects	357	357	
Fiduciary	7,611	354	(7,257)
Total	<u>\$697,474</u>	<u>\$269,937</u>	<u>(\$427,537)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,111	\$34,346	\$38,765
Special Revenue	320,565	159,956	160,609
Debt Service	18,000	17,498	502
Capital Projects		357	(357)
Fiduciary	2,900	269	2,631
Total	<u>\$414,576</u>	<u>\$212,426</u>	<u>\$202,150</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 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.

**FLATROCK TOWNSHIP
HENRY COUNTY**

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

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:

	<u>Lease</u>
Tractor Lease	<u><u>\$23,595</u></u>

The Township leased a Case MX100 Tractor in 2000 from Meyer Equipment. The lease will be paid in four equal annual installments. The first payment was made in February 2000 for \$7,865.

A lease payment schedule, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Tractor Lease</u>
2001	\$7,865
2002	7,865
2003	<u>7,865</u>
Total	<u><u>\$23,595</u></u>

6. 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of 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 are covered by the Pool.

- General liability;
- Public official's liability;
- Automobile liability; and
- Employee benefit liability.

The Township also provides health and disability insurance coverage to the Trustees and Clerk through private carriers.

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

Flatrock Township
Henry County
J-232 County Road 14
Napoleon, Ohio 43545-7430

To the Board of Trustees:

We have audited the accompanying financial statements of Flatrock Township, Henry County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 28, 2001. 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 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 audits 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 February 28, 2001.

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 February 28, 2001.

Flatrock Township
Henry County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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

February 28, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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FLATROCK TOWNSHIP

HENRY 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
MARCH 27, 2001**