



**MILL CREEK TOWNSHIP
COSHOCTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MILL CREEK TOWNSHIP
COSHOCKTON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Mill Creek Township
Coshocton County
29770 SR 83
Coshocton, Ohio 43812

To the Board of Trustees:

We have audited the accompanying financial statements of Mill Creek Township, Coshocton 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 audits.

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 and reserves for encumbrances of the Township 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 16, 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 an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

March 16, 2001

**MILL CREEK TOWNSHIP
COSHOCOTON 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$18,116	\$2,358	\$9,825	\$30,299
Intergovernmental	15,637	64,398	575	80,610
Charges for Services		6,052		6,052
Other Revenue	320	113		433
	<u>34,073</u>	<u>72,921</u>	<u>10,400</u>	<u>117,394</u>
Cash Disbursements:				
Current:				
General Government	38,323			38,323
Public Works		4,527		4,527
Health	1,029	75,135		76,164
Debt Service:				
Redemption of Principal			10,000	10,000
Interest and Fiscal Charges			939	939
Capital Outlay		17,046	252	17,298
	<u>39,352</u>	<u>96,708</u>	<u>11,191</u>	<u>147,251</u>
Total Cash Receipts Under Cash Disbursements	<u>(5,279)</u>	<u>(23,787)</u>	<u>(791)</u>	<u>(29,857)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			800	800
Transfers-Out	(800)			(800)
	<u>(800)</u>	<u>0</u>	<u>800</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	(6,079)	(23,787)	9	(29,857)
Fund Cash Balances, January 1	<u>16,132</u>	<u>35,315</u>	<u>585</u>	<u>52,032</u>
Fund Cash Balances, December 31	<u>\$10,053</u>	<u>\$11,528</u>	<u>\$594</u>	<u>\$22,175</u>
Reserves 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.

**MILL CREEK TOWNSHIP
COSHOCOTON 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$16,420	\$3,731	\$9,571	\$29,722
Intergovernmental	16,721	65,463	1,075	83,259
Charges for Services		4,812		4,812
Other Revenue	248			248
	<u>33,389</u>	<u>74,006</u>	<u>10,646</u>	<u>118,041</u>
Total Cash Receipts				
	<u>33,389</u>	<u>74,006</u>	<u>10,646</u>	<u>118,041</u>
Cash Disbursements:				
Current:				
General Government	40,143			40,143
Public Safety		4,037		4,037
Public Works	11,398	42,810		54,208
Health	1,257			1,257
Debt Service:				
Redemption of Principal		14,448	10,000	24,448
Interest and Fiscal Charges			1,471	1,471
Capital Outlay		667	256	923
	<u>52,798</u>	<u>61,962</u>	<u>11,727</u>	<u>126,487</u>
Total Cash Disbursements				
	<u>52,798</u>	<u>61,962</u>	<u>11,727</u>	<u>126,487</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(19,409)</u>	<u>12,044</u>	<u>(1,081)</u>	<u>(8,446)</u>
Fund Cash Balances, January 1	<u>35,541</u>	<u>23,271</u>	<u>1,666</u>	<u>60,478</u>
Fund Cash Balances, December 31	<u>\$16,132</u>	<u>\$35,315</u>	<u>\$585</u>	<u>\$52,032</u>
Reserves 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.

**MILL CREEK TOWNSHIP
COSHOCTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mill Creek Township, Coshocton 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, and fire protection. The Township contracts with the Township of Tuscarawas to provide fire protection 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.

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 that is 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:

Motor Vehicle License Tax Fund - This fund receives state motor vehicle license tax money for the construction, repair and maintenance of Township roads and bridges.

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

Fire District Fund - This fund receives property taxes for the cost associated with the fire protection contract with Tuscarawas Township.

Permissive Motor Vehicle License Fund - This fund receives county motor vehicle license tax money for the construction, repair and maintenance of township roads and bridges.

**MILL CREEK TOWNSHIP
COSHOCKTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Projects Fund

This Fund is 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's only Capital Projects fund is the Permanent Improvement Fund which is used to account for the construction of the Township building.

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. The Township did not use the encumbrance method of accounting. There were no material unrecorded purchase commitments outstanding at year-end.

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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**MILL CREEK TOWNSHIP
COSHOCKTON COUNTY**

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$22,175</u>	<u>\$52,032</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,042	\$34,073	\$2,031
Special Revenue	68,053	72,921	4,868
Capital Projects	10,419	11,200	781
Total	<u>\$110,514</u>	<u>\$118,194</u>	<u>\$7,680</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,174	\$40,152	\$8,022
Special Revenue	103,168	96,708	6,460
Capital Projects	11,004	11,191	(187)
Total	<u>\$162,346</u>	<u>\$148,051</u>	<u>\$14,295</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,306	\$33,389	\$2,083
Special Revenue	64,481	74,006	9,525
Capital Projects	10,304	10,646	342
Total	<u>\$106,091</u>	<u>\$118,041</u>	<u>\$11,950</u>

**MILL CREEK TOWNSHIP
COSHOCTON 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	\$66,847	\$52,798	\$14,049
Special Revenue	87,752	61,962	25,790
Capital Projects	11,970	11,727	243
Total	\$166,569	\$126,487	\$40,082

For both 2000 and 1999, the Township did not use the encumbrance method of accounting as required by Ohio Admin. Code Section 117-3-11(C). The Township also did not prepare purchase orders as required by Ohio Admin. Code Section 117-3-05.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Note Payable:		
Bank Loan - Township Building	\$10,000	5.25%

The Bank note was obtained to finance the purchase of a township building. The note is collateralized by the township building.

**MILL CREEK TOWNSHIP
COSHOCTON 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>Notes Payable Township Building</u>
2001	<u>\$10,000</u>
Total	<u><u>\$10,000</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 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% of participants' gross salaries for 2000 and 1999, respectively. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Risk Management Authority Insurance Pool (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
- Property and contents

The Township also provides health insurance coverage to the Township 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**

Mill Creek Township
Coshocton County
29770 SR 83
Coshocton, Ohio 43812

To the Board of Trustees:

We have audited the accompanying financial statements of Mill Creek Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 16, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-41016-001 and 2000-41016-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 16, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. However, we noted a certain matter involving the internal control over financial report and its operation that we consider to be a reportable condition.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2000-41016-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

We also 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 16, 2001.

The 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 16, 2001

**MILL CREEK TOWNSHIP
COSHOCTON 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 2000-41016-001
Material Noncompliance**

Ohio Admin. Code Section 117-3-11(C) requires that each encumbrance be charged and posted against an appropriation account reducing the unencumbered balance appropriated for the account.

For both 2000 and 1999, the Township did not use the encumbrance method of accounting as required by this section. The Clerk should post encumbrances to the Township's ledgers which will enable management to effectively monitor spending and assist the Township with budget management decisions.

**FINDING NUMBER 2000-41016-002
Material Weakness/Noncompliance**

Ohio Admin. Code Section 117-3-05 requires that all purchase orders be prepared in triplicate and numbered consecutively. The section also describes the information which should be included on the purchase order.

For both 2000 and 1999, the Township did not use purchase orders to document their contractual commitments with vendors. Purchase orders serve as vendor authorization to deliver goods or services and specify the terms of the sale, such as time and method for delivery, specifications for materials, and quantity and price. Accordingly, the Clerk should prepare purchase orders as prescribed by this Section and submit a copy to the vendor each time a purchase commitment is made.



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MILLCREEK TOWNSHIP

COSHOCTON 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 19, 2001**