



**PORTER TOWNSHIP
SCIOTO COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

PORTER TOWNSHIP
SCIOTO COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	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
Schedule of Prior Audit Findings	14
Corrective Action Plan	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Porter Township
Scioto County
1535 Dogwood Ridge Road
Wheelersburg, Ohio 45694

To the Board of Trustees:

We have audited the accompanying financial statements of Porter Township, Scioto 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 the 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 Porter Township, Scioto 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 April 20, 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 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

April 20, 2001

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**PORTER TOWNSHIP
SCIOTO 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>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 322,346	\$ 925,905	\$46,316	\$ 1,294,567
Intergovernmental	182,903	258,441		441,344
Licenses, Permits, and Fees	56,668			56,668
Earnings on Investments	68,858	7,651		76,509
Other Revenue	5,972	71,901		77,873
	<u>636,747</u>	<u>1,263,898</u>	<u>46,316</u>	<u>1,946,961</u>
Total Cash Receipts				
	<u>636,747</u>	<u>1,263,898</u>	<u>46,316</u>	<u>1,946,961</u>
Cash Disbursements:				
Current:				
General Government	254,080	803,681		1,057,761
Public Safety	60,922			60,922
Public Works	14,552	367,784		382,336
Health	87,140			87,140
Debt Service:				
Redemption of Principal			36,145	36,145
Interest and Fiscal Charges			10,171	10,171
Capital Outlay	23,156	63,186		86,342
	<u>439,850</u>	<u>1,234,651</u>	<u>46,316</u>	<u>1,720,817</u>
Total Cash Disbursements				
	<u>439,850</u>	<u>1,234,651</u>	<u>46,316</u>	<u>1,720,817</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>196,897</u>	<u>29,247</u>	<u>0</u>	<u>226,144</u>
Other Financing Receipts/(Disbursements):				
Other Sources	416			416
	<u>416</u>			<u>416</u>
Total Other Financing Receipts/(Disbursements)	<u>416</u>	<u>0</u>	<u>0</u>	<u>416</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>197,313</u>	<u>29,247</u>	<u>0</u>	<u>226,560</u>
Fund Cash Balances, January 1	<u>379,249</u>	<u>708,755</u>	<u>0</u>	<u>1,088,004</u>
Fund Cash Balances, December 31	<u>\$ 576,562</u>	<u>\$ 738,002</u>	<u>\$ 0</u>	<u>\$ 1,314,564</u>

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

**PORTER TOWNSHIP
SCIOTO 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 322,101	\$ 968,750	\$ 1,290,851
Intergovernmental	159,141	279,154	438,295
Licenses, Permits, and Fees	57,474		57,474
Earnings on Investments	71,795	7,977	79,772
Other Revenue	5,300	45,211	50,511
 Total Cash Receipts	 615,811	 1,301,092	 1,916,903
Cash Disbursements:			
Current:			
General Government	286,224		286,224
Public Safety	61,010	766,808	827,818
Public Works	16,995	504,580	521,575
Health	98,358		98,358
Capital Outlay	36,400	826,444	862,844
 Total Cash Disbursements	 498,987	 2,097,832	 2,596,819
 Total Cash Receipts Over/(Under) Cash Disbursements	 116,824	 (796,740)	 (679,916)
Other Financing Receipts/(Disbursements):			
Other Sources	22,134		22,134
Proceeds from Sale of Public Debt:			
Sale of Notes		200,000	200,000
 Total Other Financing Receipts/(Disbursements)	 22,134	 200,000	 222,134
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 138,958	 (596,740)	 (457,782)
 Fund Cash Balances, January 1	 240,291	 1,305,495	 1,545,786
 Fund Cash Balances, December 31	 \$ 379,249	 \$ 708,755	 \$ 1,088,004

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

**PORTER TOWNSHIP
SCIOTO COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Porter Township, Scioto 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, emergency medical services, and fire protection.

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

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 received property tax money to construct, maintain and repair Township roads and bridges.

**PORTER TOWNSHIP
SCIOTO COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fire Fund - This fund received property tax money to purchase fire equipment and provide fire protection service to residents of the Township.

Ambulance Fund - This fund received property tax money to provide ambulatory service to residents of the Township.

3. Debt Service Fund

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:

Fire Truck Note Fund - This fund received property tax money for the payment of notes used to purchase a new fire truck.

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. 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 reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio Law.

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.

**PORTER TOWNSHIP
SCIOTO COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 not reflected as liabilities under the basis of accounting used by the Township.

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	251,741	87,673
Total deposits	251,741	87,673
STAROhio	1,062,823	1,000,331
Total investments	1,062,823	1,000,331
Total deposits and investments	\$1,314,564	\$1,088,004

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.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

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	\$ 578,205	\$ 637,163	\$ 58,958
Special Revenue	1,264,634	1,263,898	(736)
Debt Service	46,316	46,316	0
Total	\$ 1,889,155	\$ 1,947,377	\$ 58,222

**PORTER TOWNSHIP
SCIOTO COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 910,294	\$ 439,850	\$ 470,444
Special Revenue	1,945,097	1,234,651	710,446
Debt Service	46,316	46,316	0
Total	\$ 2,901,707	\$ 1,720,817	\$ 1,180,890

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 637,946	\$ 637,945	\$ (1)
Special Revenue	1,501,093	1,501,092	(1)
Total	\$ 2,139,039	\$ 2,139,037	\$ (2)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 499,048	\$ 498,987	\$ 61
Special Revenue	2,126,119	2,097,832	28,287
Total	\$ 2,625,167	\$ 2,596,819	\$ 28,348

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 in 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.

**PORTER TOWNSHIP
SCIOTO COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note	163,855	5.10%
Total	\$163,855	

The general obligation note was issued to finance the purchase of a fire truck to be used for Township fire protection. The note is collateralized by the truck.

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

Year ending December 31:	General Obligation Notes
2001	46,316
2002	46,316
2003	46,316
2004	46,316
Total	\$185,264

6. RETIREMENT SYSTEM

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are 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 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. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the 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:

- Comprehensive property and general liability
- Vehicles

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

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

Porter Township
Scioto County
1535 Dogwood Ridge Road
Wheelersburg, Ohio 45694

To the Board of Trustees:

We have audited the accompanying financial statements of Porter Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 20, 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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings as item 2000-40733-001.

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 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 April 20, 2001.

Porter Township
Scioto 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

April 20, 2001

PORTER TOWNSHIP
SCIOTO 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 # 2000-40773-001

Ohio Rev. Code Section 5705.41(D) states that: No order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriation fund from any previous encumbrances.

The following exception to this requirement is provided by statute:

Then and Now Certificate: If the fiscal officer can certify that both at the time the contract order was made and at the time that he is contemplating his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures of the taxing authority.

For 63% of the disbursements we tested, the funds were not certified and the exceptions above were not utilized.

We recommend that the Clerk certify funds prior to the Township incurring obligations.

**PORTER TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; Explain:
1998-40773-001	Township did not certify funds prior to the Township incurring obligations.	No	Not Corrected. This will be repeated for this audit.
1998-40773-002	Township had actual disbursements exceeding appropriations.	Yes	Township is monitoring appropriations and expenditures monthly.
1998-40773-003	Township did not have an audit committee	No	Not Corrected. Recommendation moved to management letter.

**PORTER TOWNSHIP
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-40773-001	The clerk will certify the availability of funds prior to obligating funds.	5/01	Ted Adams, Deputy Clerk



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PORTER TOWNSHIP

SCIOTO 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
JUNE 7, 2001**