



**SENECA TOWNSHIP  
SENECA COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO  
AUDITOR OF STATE**

**STATE OF OHIO**



**SENECA TOWNSHIP  
SENECA COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Seneca Township  
Seneca County  
4098 County Road 47  
New Riegel, Ohio 44853-9771

To the Board of Trustees:

We have audited the accompanying financial statements of Seneca Township, Seneca 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 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.

As discussed in Note 7, the Township reclassified its Street Lighting Assessment fund.

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, 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 13, 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 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 13, 2001

**SENECA TOWNSHIP  
SENECA 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>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$26,946	\$78,305		\$105,251
Intergovernmental	73,634	56,503	\$18,833	148,970
Special Assessments		2,023		2,023
Licenses, Permits, and Fees	150			150
Earnings on Investments	942	1,188		2,130
Other Revenue	13,306			13,306
	<u>114,978</u>	<u>138,018</u>	<u>18,833</u>	<u>271,829</u>
<b>Total Cash Receipts</b>				
	<u>114,978</u>	<u>138,018</u>	<u>18,833</u>	<u>271,829</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	57,909			57,909
Public Safety		23,416		23,416
Public Works	3,002	63,103		66,105
Health	2,751			2,751
Capital Outlay	32,500	41,898	18,833	93,231
	<u>96,162</u>	<u>128,417</u>	<u>18,833</u>	<u>243,412</u>
<b>Total Cash Disbursements</b>				
	<u>96,162</u>	<u>128,417</u>	<u>18,833</u>	<u>243,412</u>
<b>Total Receipts Over Disbursements</b>	<u>18,816</u>	<u>9,601</u>		<u>28,417</u>
<b>Other Financing Receipts:</b>				
Sale of Fixed Assets	316			316
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	19,132	9,601		28,733
<b>Fund Cash Balances, January 1</b>	18,838	35,406		54,244
<b>Fund Cash Balances, December 31</b>	<u><u>\$37,970</u></u>	<u><u>\$45,007</u></u>		<u><u>\$82,977</u></u>

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

SENECA TOWNSHIP  
SENECA COUNTY

STATEMENT OF CASH RECEIPTS AND CHANGES IN  
CASH BALANCES - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
<b>Operating Income:</b>	
Miscellaneous	\$57
Cash Balances, January 1	<u>2,500</u>
<b>Cash Balances, December 31</b>	<b><u><u>\$2,557</u></u></b>

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



**SENECA TOWNSHIP  
SENECA 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>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$21,142	\$56,702		\$77,844
Intergovernmental	39,144	71,456	\$15,898	126,498
Special Assessments		1,967		1,967
Licenses, Permits, and Fees	775			775
Earnings on Investments	681	869		1,550
Other Revenue	179			179
	<u>61,921</u>	<u>130,994</u>	<u>15,898</u>	<u>208,813</u>
<b>Total Cash Receipts</b>				
	<u>61,921</u>	<u>130,994</u>	<u>15,898</u>	<u>208,813</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	54,745			54,745
Public Safety		22,989		22,989
Public Works		54,765		54,765
Health	7,903			7,903
Capital Outlay	9,083	41,050	15,898	66,031
	<u>71,731</u>	<u>118,804</u>	<u>15,898</u>	<u>206,433</u>
<b>Total Cash Disbursements</b>				
	<u>71,731</u>	<u>118,804</u>	<u>15,898</u>	<u>206,433</u>
Total Receipts Over/(Under) Disbursements	<u>(9,810)</u>	<u>12,190</u>		<u>2,380</u>
<b>Other Financing Receipts:</b>				
Other Uses	6,185			6,185
	<u>6,185</u>			<u>6,185</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(3,625)	12,190		8,565
Fund Cash Balances, Restated January 1	22,463	23,216		45,679
	<u>22,463</u>	<u>23,216</u>		<u>45,679</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$18,838</b></u>	<u><b>\$35,406</b></u>		<u><b>\$54,244</b></u>

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

SENECA TOWNSHIP  
SENECA COUNTY

STATEMENT OF CHANGES IN CASH BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Cash Balances, January 1	<u>\$2,500</u>
<b>Cash Balances, December 31</b>	<b><u><u>\$2,500</u></u></b>

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

**SENECA TOWNSHIP  
SENECA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Seneca Township, Seneca 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'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**

The Township maintains cash balances in certificates of deposits and an interest-bearing checking account. Certificates of deposit are valued at cost.

**D. 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:

*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.

**SENECA TOWNSHIP  
SENECA COUNTY**

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

**3. 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:

*Issue II Fund* - This fund receives Issue II money for street construction and repairs.

**4. Fiduciary Funds (Trust and Agency Funds)**

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

*McCutchenville Cemetery Bequest Fund* - This nonexpendable trust fund holds the donated assets of the cemetery. Interest only may be expended to maintain 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 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.

**SENECA TOWNSHIP  
SENECA 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:

	<b>2000</b>	<b>1999</b>
Demand deposits	\$82,977	\$54,244
Certificates of deposit	2,557	2,500
Total deposits	<b>\$85,534</b>	<b>\$56,744</b>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**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	\$79,593	\$115,294	\$35,701
Special Revenue	124,194	138,018	13,824
Capital Projects	18,833	18,833	
Nonexpendable Trust		57	57
Total	<b>\$222,620</b>	<b>\$272,202</b>	<b>\$49,582</b>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,593	\$96,162	(\$16,569)
Special Revenue	159,599	128,417	31,182
Capital Projects		18,833	(18,833)
Total	<b>\$239,192</b>	<b>\$243,412</b>	<b>(\$4,220)</b>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,523	\$68,106	\$9,583
Special Revenue	121,449	130,994	9,545
Capital Projects	20,000	15,898	(4,102)
Total	<b>\$199,972</b>	<b>\$214,998</b>	<b>\$15,026</b>

**SENECA TOWNSHIP  
SENECA COUNTY**

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,986	\$71,731	\$9,255
Special Revenue	225,648	118,804	106,844
Capital Projects	20,000	15,898	4,102
Total	\$326,634	\$206,433	\$120,201

The Township did not always certify the expenditures in accordance with Ohio Revised Code § 5705.41(D).

During 2000, expenditures exceeded appropriations in the Capital Projects fund type, contrary to Ohio Revised Code § 5705.41(B).

**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 payments, 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. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This 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 fiscal years 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% in fiscal year 2000 and 13.55% in fiscal year 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**SENECA TOWNSHIP  
SENECA COUNTY**

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

**6. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority Insurance 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; and
- Vehicle.

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

**7. RECLASSIFICATION OF FUND BALANCE**

The Township previously reported the activity for the Street Lighting Assessment fund as a Capital Projects fund. Starting in 1999, the Township has reclassified this activity as a Special Revenue fund. The adjustment is as follows:

	Special Revenue	Capital Projects
Fund Balance Previously Reported	\$21,753	\$1,463
Adjustment	1,463	(1,463)
Restated Fund Balance at 1/1/99	<u>\$23,216</u>	<u>          </u>

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

Seneca Township  
Seneca County  
4098 County Road 47  
New Riegel, Ohio 44853-9771

To the Board of Trustees:

We have audited the accompanying financial statements of Seneca Township, Seneca County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 13, 2001, in which we noted that the Township reclassified its Street Lighting Assessment fund. 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 the 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 2000-40574-001 and 2000-40574-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 13, 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 April 13, 2001.

Seneca Township  
Seneca 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 13, 2001

**SENECA TOWNSHIP  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40574-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides two exceptions to the above requirement

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate appropriated and free of any previous encumbrance, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1000 the fiscal officer may authorize it to be paid without the affirmation of the taxing authority, if such expenditure is otherwise valid.

Thirty-seven percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all Township disbursements receive certification of the fiscal officer that the funds are or will be available.

**FINDING NUMBER 2000-40574-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(B) states no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter. During fiscal year 2000, the general fund had expenditures (\$96,162) which exceeded appropriations (\$79,593) by \$16,569. During fiscal year 2000, capital project fund expenditures (\$18,833) exceeded appropriations (\$0) by \$18,833. This could result in deficit spending.

We recommend appropriation measures be compared to the latest amended certificate of estimated resources and appropriate modification be made prior to submitting it to the County Auditor. In addition, the Township should request a certification from the County Auditor for each appropriation measure.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**SENECA TOWNSHIP**

**SENECA 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 8, 2001**