

SOMERFORD TOWNSHIP

MADISON COUNTY

REGULAR AUDIT

JANUARY 1, 1999 - DECEMBER 31, 2000

Whited Seigneur Sams & Rabe

CERTIFIED PUBLIC ACCOUNTANTS

213 South Paint Street

Chillicothe, Ohio 45601-3828

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Somerset Township

We have reviewed the Independent Auditor's Report of the Somerset Township, Madison County, prepared by Whited Seigneur Sams & Rahe for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Somerset Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

June 14, 2001

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**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000**

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Whited Seigneur Sams & Rahe

CERTIFIED PUBLIC ACCOUNTANTS



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June 11, 2001

Board of Trustees
Somerset Township, Madison County
P.O. Box 861
London, Ohio 43140

Report of Independent Auditor

We have audited the accompanying financial statements of Somerset Township, Madison 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 auditing standards generally accepted in the United States of America 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 Somerset Township, Madison 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 a report dated June 11, 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 officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES - CASH BASIS -
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only Total</u>
<u>CASH RECEIPTS:</u>			
Taxes	\$ 76,273	\$ 70,905	\$147,178
Licenses, Permits and Fees	4,043	11,206	15,249
Intergovernmental Receipts	65,429	89,794	155,223
Interest	4,567	0	4,567
Other Revenue	<u>718</u>	<u>10,578</u>	<u>11,296</u>
TOTAL CASH RECEIPTS	151,030	182,483	333,513
<u>CASH DISBURSEMENTS:</u>			
Current:			
General Government	70,290	4,586	74,876
Public Safety	0	77,674	77,674
Public Works	1,328	49,627	50,955
Health	16,238	13,231	29,469
Capital Outlay	3,992	9,332	13,324
Debt Service:			
Principal	4,223	0	4,223
Interest	<u>1,780</u>	<u>0</u>	<u>1,780</u>
TOTAL CASH DISBURSEMENTS	<u>97,851</u>	<u>154,450</u>	<u>252,301</u>
TOTAL CASH RECEIPTS OVER / (UNDER) CASH DISBURSEMENTS	53,179	28,033	81,212
Fund cash balances, January 1, 2000	<u>95,309</u>	<u>115,379</u>	<u>210,688</u>
Fund cash balances, December 31, 2000	<u><u>\$148,488</u></u>	<u><u>\$143,412</u></u>	<u><u>\$291,900</u></u>
Reserve for Encumbrances, December 31, 2000	<u><u>\$ 428</u></u>	<u><u>\$ 606</u></u>	<u><u>\$ 1,034</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT

SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND - CASH BASIS -
FOR THE YEAR ENDED DECEMBER 31, 2000

	Non- Expendable Trust
Cash Receipts:	
Interest	\$ 0
Cash Disbursements	<u>0</u>
Excess of Cash Receipts over Cash Disbursements	0
Fund cash balance, January 1, 2000	<u>\$ 1,830</u>
Fund cash balance, December 31, 2000	<u>\$ 1,830</u>

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES - CASH BASIS -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>		<u>Only Total</u>
CASH RECEIPTS:				
Taxes	\$ 60,134	\$ 67,971		\$128,105
Licenses, Permits and Fees	5,056	8,763		13,819
Intergovernmental Receipts	93,561	88,555		182,116
Interest	2,856	150		3,006
Other Revenue	<u>1,480</u>	<u>3,504</u>		<u>4,984</u>
TOTAL CASH RECEIPTS	163,087	168,943		332,030
CASH DISBURSEMENTS:				
Current:				
General Government	72,396	2,780		75,176
Public Safety	0	58,953		58,953
Public Works	978	49,209		50,187
Health	9,775	13,690		23,465
Capital Outlay	4,282	15,006		19,288
Debt Service:				
Principal	3,938	0		3,938
Interest	<u>2,065</u>	<u>0</u>		<u>2,065</u>
TOTAL CASH DISBURSEMENTS	<u>93,434</u>	<u>139,638</u>		<u>233,072</u>
TOTAL CASH RECEIPTS OVER / (UNDER) CASH DISBURSEMENTS	69,653	29,305		98,958
OTHER FINANCING SOURCES (USES):				
Advances-In	0	6,000		6,000
Advances-Out	(6,000)	0		(6,000)
Other Financing Sources	<u>424</u>	<u>0</u>		<u>424</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,576)</u>	<u>6,000</u>		<u>424</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)				
Fund cash balances, January 1, 1999	64,077	35,305		99,382
Fund cash balances, January 1, 1999	<u>31,232</u>	<u>80,074</u>		<u>111,306</u>
Fund cash balances, December 31, 1999	<u>\$ 95,309</u>	<u>\$115,379</u>		<u>\$210,688</u>
Reserve for Encumbrances, December 31, 1999	<u>\$ 172</u>	<u>\$ 695</u>		<u>\$ 867</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT

SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND - CASH BASIS -
FOR THE YEAR ENDED DECEMBER 31, 1999

	Non-Expendable Trust
Cash Receipts:	
Interest	\$ 37
Cash Disbursements	<u>0</u>
Excess of Cash Receipts over Cash Disbursements	37
Fund cash balance, January 1, 1999	<u>\$ 1,793</u>
Fund cash balance, December 31, 1999	<u>\$ 1,830</u>

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Description of the Entity - Somerford Township, Madison 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, road maintenance and repairs, emergency fire services, zoning and cemetery operations.

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 Investment – Demand deposits and certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

- 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:

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.

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

Fire - This fund receives monies from property taxes for providing emergency and fire protection services.

Fiduciary Fund - Trust 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. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This fiduciary fund is used to account for assets held by the Township in a trustee capacity.

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Budgetary Process - The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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 4.

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.

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENT

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$279,849	\$199,093
Certificates of Deposit	<u>13,574</u>	<u>13,136</u>
Total deposits	<u>293,423</u>	<u>212,229</u>
STAR Ohio	<u>307</u>	<u>289</u>
Total Investment	<u>307</u>	<u>289</u>
Total Deposits and Investment	<u>\$293,730</u>	<u>\$212,518</u>

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

Investment – Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 3 - DEBT OBLIGATIONS

Debt outstanding at December 31, 2000 and December 31, 1999 consisted of the following:

	<u>2000</u>	<u>1999</u>
Land Contract		
Principal Outstanding	\$23,115	\$27,338
Interest Rate	7.00%	7.00%

A land contract outstanding at December 31, 2000 and December 31, 1999, was entered into in 1996. The requirements to amortize the land contract as of December 31, 2000, including interest payments of \$3,899 are as follows:

	<u>Year Ending December 31</u>	
	2001	<u>Land Contract</u>
	2002	\$ 6,003
	2003	6,003
	2004	6,003
	2005	<u>3,002</u>
	TOTAL	<u>\$ 27,014</u>

NOTE 4 - BUDGETARY ACTIVITY

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

	<u>2000 Budgeted vs. Actual Receipts</u>		<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>	
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>	
<u>Fund Type</u>				
General	\$105,000	\$151,030	\$ 46,030	
Special Revenue	158,269	182,483	24,214	
Trust	<u>35</u>	<u>0</u>	<u>(35)</u>	
	<u>\$263,304</u>	<u>\$333,513</u>	<u>\$ 70,209</u>	
	<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>	
<u>Fund Type</u>				
General	\$197,172	\$ 98,279	\$ 98,893	
Special Revenue	272,864	155,056	117,808	
Trust	<u>45</u>	<u>0</u>	<u>45</u>	
	<u>\$470,081</u>	<u>\$253,335</u>	<u>\$216,746</u>	

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 4 – BUDGETARY ACTIVITY (Continued)

<u>1999 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 90,500	\$163,511	\$ 73,011
Special Revenue	153,400	174,943	21,543
Trust	<u>45</u>	<u>37</u>	<u>(8)</u>
	<u>\$243,945</u>	<u>\$338,491</u>	<u>\$ 94,546</u>
<u>1999 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$141,500	\$ 99,606	\$ 41,894
Special Revenue	192,800	140,333	52,467
Trust	<u>45</u>	<u>0</u>	<u>45</u>
	<u>\$334,345</u>	<u>\$239,939</u>	<u>\$ 94,406</u>

NOTE 5 - 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.

NOTE 6 - RETIREMENT SYSTEMS

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 health care, 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, except for pay periods from July 1, 2000 through December 31, 2000 in which the Township contributed 8.13025% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**SOMERFORD TOWNSHIP
MADISON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

NOTE 7 - RISK MANAGEMENT

The Township is a member participant in the Ohio Government Risk Management Plan and has obtained insurance for the following risks:

- Comprehensive property and general liability
- Wrongful Acts
- Automobile
- Inland Marine
- Fire Vehicle
- Electronic Data Processing

The Township also provides health insurance coverage to the elected officials and full-time employee through private carriers.

Whited Seigneur Sams & Rahe

CERTIFIED PUBLIC ACCOUNTANTS



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June 11, 2001

Board of Trustees
Somerset Township
Madison County
P.O. Box 861
London, Ohio 43140

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the accompanying financial statements of Somerset Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 11, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audit 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 immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated June 11, 2001.

This report is intended for the information and use of management and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAS



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SOMERFORD TOWNSHIP

MADISON 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 26, 2001**